



March 10, 2026

RE: HF 3608 – Homestead Market Value Exclusion

Dear Chair Igo, Chair Howard and Members of the Housing Finance and Policy Committee,

On behalf of our 842 member cities, the League of Minnesota Cities thanks you for the opportunity to provide testimony on HF 3608 (Myers). This bill modifies the homestead market value exclusion for a subset of homesteads and includes language to specifically exclude the value of an attached or detached accessory dwelling unit (ADU) from a property's market value when calculating the taxable market value.

In response to these rising home values, in 2023 the legislature modified the exclusion to equal 40% of the first \$95,000 of market value and phased out the exclusion on homesteads valued at \$517,200. The League supports periodic modifications to the homestead market value exclusion program to increase the benefit of the exclusion to qualifying homeowners. However, this bill seeks to reduce the taxable market value of specific homesteads when determining the benefit for this exclusion.

The League believes any modifications to market value exclusion should be balanced between the tax benefit to existing and future units that benefit from the property tax reduction and the increased tax burden on the existing property tax base. By increasing the benefit to one type of property the tax burden will shift to other properties such as homesteaded duplexes which would not be eligible for this treatment. Additionally, detached and attached ADUs do not have their own parcel number and are not assessed separately from the primary dwelling, which could pose significant challenges as to how this exclusion would be implemented.

We appreciate your thoughtful considerations of these bills and stand ready to work with the author and interested members on property tax relief programs while building more stability into future tax bases.

Sincerely,

A handwritten signature in black ink that reads 'Daniel Lightfoot'.

Daniel Lightfoot
Senior Intergovernmental Relations Representative
League of Minnesota Cities

A handwritten signature in black ink that reads 'Beth Johnston'.

Beth Johnston
Intergovernmental Relations Representative
League of Minnesota Cities