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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3608

02/23/2026 Authored by Myers
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

A bill for an act

relating to taxes; property; modifying the homestead market value exclusion; amending Minnesota Statutes 2024, section 273.13, subdivision 35.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2024, section 273.13, subdivision 35, is amended to read:

Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as 4d(2) under subdivision 25, paragraph (e), clause (2), class 1a, or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at $95,000 or less, the exclusion is 40 percent of market value. For a homestead valued between $95,000 and $517,200, the exclusion is $38,000 minus nine percent of the valuation over $95,000. For a homestead valued at $517,200 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

(d) In the case of a property that is classified as part homestead and part nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely

because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

(e) In the following cases, the value of an accessory dwelling unit must be excluded when calculating the value of the exclusion under paragraph (b):

(1) property classified as class 1a or 1b under subdivision 22;

(2) the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land; or

(3) property classified as class 4d(2) under subdivision 25, paragraph (e), clause (2).

(f) For the purpose of this subdivision, "accessory dwelling unit" means a secondary dwelling unit to a principal homestead dwelling that is within or attached to the principal homestead dwelling or in a detached accessory building on the same parcel.

EFFECTIVE DATE. This section is effective beginning with assessment year 2027.