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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **1504**

02/09/2023 Authored by Norris, Gomez, Lislegard, Coulter, Hill and others
The bill was read for the first time and referred to the Committee on Taxes

- 1.1 A bill for an act
- 1.2 relating to taxation; property; modifying the homestead market value exclusion;
- 1.3 amending Minnesota Statutes 2022, section 273.13, subdivision 35.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Minnesota Statutes 2022, section 273.13, subdivision 35, is amended to read:
- 1.6 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
- 1.7 net tax capacity under this section, property classified as class 1a or 1b under subdivision
- 1.8 22, and the portion of property classified as class 2a under subdivision 23 consisting of the
- 1.9 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion
- 1.10 as determined under paragraph (b).
- 1.11 (b) For a homestead valued at ~~\$76,000~~ \$80,300 or less, the exclusion is 40 percent of
- 1.12 market value. For a homestead valued between ~~\$76,000~~ \$80,300 and ~~\$413,800~~ \$437,100,
- 1.13 the exclusion is ~~\$30,400~~ \$32,120 minus nine percent of the valuation over ~~\$76,000~~ \$80,300.
- 1.14 For a homestead valued at ~~\$413,800~~ \$437,100 or more, there is no valuation exclusion. The
- 1.15 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than
- 1.16 zero.
- 1.17 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
- 1.18 to determining the amount of the valuation exclusion under this subdivision.
- 1.19 (d) In the case of a property that is classified as part homestead and part nonhomestead,
- 1.20 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion
- 1.21 of a property is classified as nonhomestead solely because not all the owners occupy the
- 1.22 property, not all the owners have qualifying relatives occupying the property, or solely

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

2.6 **EFFECTIVE DATE.** This section is effective for assessment year 2024 and thereafter.