



**AMERICAN
LEGION**

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

A change has been needed to modernize the disabled veterans homestead market value exclusion 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. We agree with the proposed of \$200,000 and \$400,000 for each respective level of benefit and would also recommend indexing these new amounts to inflation to plan for future economic trends.

We would also like to see more veterans receive this benefit. Today, veterans rated by the VA at 70 to 100 percent disabled are eligible for the first level of exclusion. Veterans who are 100 percent permanently and totally disabled, as well as veterans who are 100% disabled due to individual employability, can receive the higher level of exclusion. Veterans with a regular combined rating of 100% receive the lower amount of benefit. We propose to provide the \$200,000 exclusion for veterans rated 50 to 90 percent disabled. We recommend \$400,000 for all 100 percent-rated veterans, including those with a regular combined rating of 100%. County veteran service officers verify disability percentages to the county assessors' offices each year, and if a veteran ever drops below 100% when a medical issue improves or resolves, their benefit could be adjusted to the lower amount of exclusion for the next taxable year.

We recognize that expanding the property tax exclusion to veterans rated 50-60% comes with a small cost to taxpayers. A fiscal note has been done in prior years. There is no cost to the state. The shifting of the tax burden from these newly eligible veterans to the remainder of the residential tax base represents a very small fraction of any given county's property tax revenues. If lawmakers feel 50% disabled veterans could not be accommodated but 60% could, that is still more veterans served with than before. Our organization is open to negotiating these specifics in the interest of providing meaningful change and improving the lives of Minnesota veterans.

We also support a technical change to this bill. We propose to remove the word "honorably" from lines 1.13 and 2.6, and the word "honorable" from line 3.12. This language causes counties to adjudicate a veteran's character of discharge 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.

The American Legion Department of Minnesota Legislative Committee

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