

HOUSE RESEARCH

Bill Summary

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Overview

Extends eligibility for a market value exclusion benefit for the surviving spouse or approved family caretaker of certain eligible disabled veterans.

- 1 Homestead of disabled veteran and family caregiver.** Current law provides a level of market value exclusion for property tax purposes for the homestead of a disabled veteran having a service-connected disability of 70% or more. The exclusion is for \$150,000 of market value, if the U.S. Department of Veterans Affairs has rated the S-C disability at *70%-or-greater*, and \$300,000 of market value if the S-C disability is rated as being *100%-total-and-permanent*. When a qualified veteran predeceases his spouse, this benefit carries over to the spouse for one additional assessment year or until such time as the spouse sells, transfers or otherwise disposes of the property.

This bill would expand eligibility for this benefit in the following ways:

- a) The home would no longer need to be *wholly-owned* by the veteran and the veteran's spouse; it need be only *partly-owned* by them, or partly-owned by the *approved primary family caregiver* of the veteran;
- b) The home would no longer need to be the qualified veteran's *homestead*, so long as it is the qualified veteran's *legal residence*;
- c) The *one-year limit on the carry-over of the benefit to the disabled veteran's spouse is eliminated*, such that the benefit for the surviving spouse would continue until the spouse disposes of the home in any manner.

- 2 Effective Date.** The bill is effective for assessment year 2011 and thereafter, for property taxes payable in 2012 and thereafter.

Note A: Minnesota Statutes 3.192, enacted in 2010, requires all new tax expenditures enacted by the legislature to include "a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured." Since this bill creates a new tax expenditure, it would be subject to this new purpose statement requirement.

Note B: Congress recently enacted the "*Caregivers and Veterans Omnibus Health Services Act of 2010*," establishing a comprehensive program of assistance to the approved family caregiver of a service member who is being medically discharged from the military, or a veteran, having a serious injury (including traumatic brain injury, psychological trauma, or other mental disorder) incurred or aggravated in the line of duty since 9/11/2001, if the VA determines that it is in the best interest of the veteran to do so.

The veteran must be in need of personal care services because of:

- (i) an inability to perform one or more activities of daily living;
- (ii) a need for supervision or protection based on symptoms or residuals of neurological or other impairment or injury; or
- (iii) such other matters as the secretary considers appropriate.

If an eligible veteran has more than one family member caregiver, then the VA must designate one of them as the *primary provider of personal care services* for the veteran.

Under this federal program, the eligible veteran and the veteran's primary provider of personal care services are eligible for an array of federally-provided medical, social, and rehabilitation services.

Note C: Since property taxes are administered and paid locally, this bill is expected to have negligible cost to the state. Any benefit to qualifying disabled veterans, or to their approved family caregivers or surviving spouses, gets spread over all other property tax payers in the same local taxing jurisdictions.