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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE NO. **647**

February 5, 2007

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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; changing the residential homestead market value  
1.3 credit; amending Minnesota Statutes 2006, section 273.1384, subdivision 1, by  
1.4 adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2006, section 273.1384, subdivision 1, is amended to  
1.7 read:

1.8 Subdivision 1. **Residential homestead market value credit.** Each county auditor  
1.9 shall determine a homestead credit for each class 1a, 1b, and 2a homestead property  
1.10 within the county equal to 0.4 percent of the ~~first \$76,000~~ of market value of the  
1.11 property up to the first tier residential homestead market value credit valuation limit  
1.12 under subdivision 1a minus .09 .304 percent of the market value in excess of \$76,000 the  
1.13 second tier residential homestead market value credit valuation limit under subdivision  
1.14 1a. The credit amount may not be less than zero. In the case of an agricultural or resort  
1.15 homestead, only the market value of the house, garage, and immediately surrounding one  
1.16 acre of land is eligible in determining the property's homestead credit. In the case of a  
1.17 property that is classified as part homestead and part nonhomestead, (i) the credit shall  
1.18 apply only to the homestead portion of the property, but (ii) if a portion of a property is  
1.19 classified as nonhomestead solely because not all the owners occupy the property, not all  
1.20 the owners have qualifying relatives occupying the property, or solely because not all the  
1.21 spouses of owners occupy the property, the credit amount shall be initially computed as  
1.22 if that nonhomestead portion were also in the homestead class and then prorated to the  
1.23 owner-occupant's percentage of ownership. For the purpose of this section, when an

2.1 owner-occupant's spouse does not occupy the property, the percentage of ownership for  
2.2 the owner-occupant spouse is one-half of the couple's ownership percentage.

2.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008 and  
2.4 thereafter.

2.5 Sec. 2. Minnesota Statutes 2006, section 273.1384, is amended by adding a subdivision  
2.6 to read:

2.7 Subd. 1a. **Residential homestead market value credit valuation limits.** (a)  
2.8 Beginning with assessment year 2007, the commissioner of revenue shall annually certify  
2.9 the first and second tier residential homestead market value credit valuation limit as the  
2.10 product of: (1) the ratio of the statewide average taxable market value of a residential  
2.11 homestead in the preceding assessment year to the statewide average taxable market value  
2.12 of a residential homestead for assessment year 2005; and (2) \$76,000 for the first tier limit  
2.13 and \$350,000 for the second tier limit. The limits must be rounded to the nearest \$1,000.

2.14 (b) The commissioner shall certify the limits by January 2 of each assessment  
2.15 year, except that for assessment year 2007, the commissioner shall certify the limit by  
2.16 June 1, 2007.

2.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008 and  
2.18 thereafter.