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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1745**

March 7, 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; indexing the homestead market value credit
1.3 maximum valuation limit; amending Minnesota Statutes 2006, section 273.1384,
1.4 subdivision 1, by 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 property
1.11 minus .09 percent of the market value in excess of ~~\$76,000~~ the homestead market value
1.12 credit maximum valuation limit under subdivision 1a. The credit amount may not be less
1.13 than zero. In the case of an agricultural or resort homestead, only the market value of the
1.14 house, garage, and immediately surrounding one acre of land is eligible in determining the
1.15 property's homestead credit. In the case of a property that is classified as part homestead
1.16 and part nonhomestead, (i) the credit shall apply only to the homestead portion of the
1.17 property, but (ii) if a portion of a property is classified as nonhomestead solely because not
1.18 all the owners occupy the property, not all the owners have qualifying relatives occupying
1.19 the property, or solely because not all the spouses of owners occupy the property, the
1.20 credit amount shall be initially computed as if that nonhomestead portion were also in
1.21 the homestead class and then prorated to the owner-occupant's percentage of ownership.
1.22 For the purpose of this section, when an owner-occupant's spouse does not occupy the
1.23 property, the percentage of ownership for the owner-occupant spouse is one-half of the
1.24 couple's ownership percentage.

2.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008 and
2.2 thereafter.

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

2.5 Subd. 1a. **Homestead market value credit maximum valuation limit.** (a) For
2.6 assessment year 2007, the homestead market value credit maximum valuation limit is
2.7 \$118,000.

2.8 (b) Beginning with assessment year 2008, the commissioner of revenue must
2.9 annually certify the homestead market value credit maximum 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 2006; and (2) \$118,000. The limit must
2.13 be rounded to the nearest \$1,000.

2.14 (c) The commissioner must certify the limit by January 2 of each assessment year.

2.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008 and
2.16 thereafter.