

Revenue Notice # 93-08

Property Tax Refunds and Relative-Homesteads

The purpose of this Revenue Notice is to give additional information in regard to two statements made in Revenue Notice #92-26, entitled 'No Property Tax Refunds for Certain Homesteads.'

Revenue Notice #92-26 was published in the State Register on November 30, 1992, and gave examples of how to apply the law which prohibits property tax refunds for relative homesteads.

Statement #1

In the section of Revenue Notice #92-26 entitled 'Changes in Classification,' the first paragraph of that section stated in part, that:

'If property which was not classified as a relative homestead becomes a relative homestead for property tax purposes, no property tax refunds will be paid beginning with timely filed homeowner claims filed in the year following the year when the property was first assessed as a relative homestead...'

There is an exception to this statement. If a residence which is classified as a regular-homestead becomes a relative-homestead, because a qualified relative of the owner occupies the property as their homestead on January 2 of the taxes payable year, a homeowner's property tax refund will not be allowed in regard to those property taxes.

This result is required even though the claim would be submitted in the year when the property is first assessed as a relative homestead, not the year following. The reason for this result is that Minnesota law requires the property to be owner-occupied (as a homestead) on January 2 of the taxes payable year, if a homeowner's property tax refund is to be allowed for the property.

Statement #2

The last paragraph of Revenue Notice #92-26 stated:

'Whenever a property no longer qualifies for the relative homestead classification, refund claims are again allowed beginning with the first year the taxes payable are not assessed as a relative homestead...'

There is an exception in our law that would allow a homeowner to file a claim, even though the property taxes payable were assessed on the basis of the property being a relative homestead. That exception requires that the claimant (i) own and occupy the property on January 2 of the taxes payable year, and (ii) provide documentation from the local assessor that application for the regular homestead classification was made prior to October 1 of the taxes payable year, and that the assessor has approved the application.

If those two conditions are met, a homeowner claimant can ignore the last paragraph of the November 30, 1992 Revenue Notice (#92-26), and file a homeowner's claim in regard to property taxes that were assessed on the basis of the property being a relative homestead.

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