

MINNESOTA • REVENUE

PROPERTY TAX Homestead Classification for Armed Forces Members

March 21, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3061 (Bakk) / H.F. 3455 (Rukavina)

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	\$0	(000's) (Negligible)	(Negligible)

Effective for taxes payable in 2007 and thereafter.

EXPLANATION OF THE BILL

Current Law: Real estate occupied and used for the purpose of a homestead by a person, or by a member of that person's immediate family shall be classified as a homestead even though the person or family is absent if:

- (1) the person is absent solely because the person is on active duty with the U.S. armed forces, or is serving as a volunteer under VISTA or Peace Corps program;
- (2) the owner intends to return as soon as discharged or relieved from service; and
- (3) the owner claims it as a homestead.

Proposed Law: The bill would require homestead classification be granted if the person meeting the current law requirements is absent solely because the person is on active duty, even if the property has not been occupied as a homestead by the person or the person's family.

REVENUE ANALYSIS DETAIL

- There could be a small impact to the state general fund with the proposed exception to the homestead classification process for members of the military, as the property would become eligible for the residential homestead market value credit and property tax refund.

Number of Taxpayers: Unknown.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy