MINNESOTA · REVENUE

PROPERTY TAX
Homestead Classification

February 14, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 330 (Frederickson) / H.F. 486 (Finstad)

	Fund Impact			
	F.Y. 2008	**F.Y. 2009**	**F.Y. 2010**	**F.Y. 2011**
	(000's)			
General Fund	$0	$0	$0	$0

Effective for taxes payable in 2008 and thereafter.

EXPLANATION OF THE BILL

For property classified as both homestead and nonhomestead, the bill provides that the portion classified as homestead would be the greater of: the value attributable to the portion of the property used as a homestead; or $76,000. These provisions would not apply to buildings containing fewer than four residential units or to single rented or leased dwelling units located within or attached to a garage.

REVENUE ANALYSIS DETAIL

- It is assumed that relatively few, mostly apartment properties, are affected by this proposal. A similar provision was phased out in 2006.
- Taxes would be shifted from the affected properties to other property types. The proposed changes may have a small impact on the local tax base and tax rate and may result in a small increase in property tax refunds paid by the state.

Number of Taxpayers: Relatively few properties.

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

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