

# MINNESOTA • REVENUE

## PROPERTY TAX Homestead Classification

February 26, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 330 (Frederickson) / H.F. 486 (Finstad), **Revised Analysis**

	<u>Fund Impact</u>			
	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
General Fund	\$0	(Unknown)	(Unknown)	(Unknown)

(000's)

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. The bill would provide for borrowing against other classes in split-class properties to increase the homestead value to \$76,000. A similar provision was phased out in 2006.

### REVENUE ANALYSIS DETAIL

- Split-class properties that would be affected by this proposal include apartment/homestead or commercial/homestead property where the homestead value is less than \$76,000. The number is not known.
- Market value homestead credits would increase as the property's qualifying market value increases to the maximum of \$76,000.
- Taxes may shift due to the class rate difference between apartment or commercial value and homestead value. 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:** Unknown.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

sf0330(hf0486)\_2 /lm