

Federal Active Service Property Tax Grace Period

Minnesota law provides a four-month grace period for complying with property tax due dates for **homestead** property owned by a qualifying individual who is on federal active service. No late fees or penalties may be assessed during the grace period. A qualifying taxpayer will not be deemed delinquent if payment is made by the end of the grace period. The taxpayer must provide certain documentation that they were on active federal service on the date the payment was originally due. ([Minnesota Statutes, sections 279.01, subdivision 5 and 279.02, subdivision 2](#))

Please see [Minnesota Statutes, section 190.05, subdivision 5c](#) for the definition of “Federal active service”.

County staff should make it clear this grace period applies only to **homestead** property. It does not apply to, for example, nonhomestead, seasonal recreational residential, or commercial properties an individual on federal active service may own.

A taxpayer making a payment under this provision must accompany the payment with a signed copy of the taxpayer’s orders or form DD214 showing the dates of active service. The document must clearly indicate the taxpayer was on active service on the date the payment was due.

Property Tax Due Dates and Penalties

The modified payment due date under the grace period for the first half of property taxes (or full payment if less than \$100) for homestead property is September 15. The modified payment due date for the second half is February 15 of the following year. See below for a modified unpaid taxes penalty schedule that applies to qualifying individuals for taxes payable in 2020.

Delinquency

Homestead property owned by a qualifying individual is not to be deemed delinquent and no late fees or penalties can be applied if the taxes are paid by the modified due dates.

The delinquency schedule is pushed back along with the due dates and unpaid taxes penalty schedule. This means that in taxes payable year 2021, property owned by a qualifying individual would not be deemed delinquent until the first business day in January 2023. Interest applied when property becomes delinquent would also not start until this time.

The law does not require advance notification to a county from a qualifying individual. Such an individual need only provide the necessary paperwork described above when making the payment. It is possible a county will commence delinquency proceedings on a property unaware the taxpayer qualifies for the modified due dates. When a qualifying individual makes a payment and provides the proper documentation, the county must cancel or adjust any penalties according to the modified unpaid taxes penalty schedule.

Because a county treasurer will be preparing the delinquent tax list before the second-half taxes are due under the grace period, a county may wish to include a statement when its list is published noting that individuals who may qualify for the modified due dates may be included on the list and assuring any such individual that if

payment is made, along with the proper documents, or if the proper documents are submitted without a payment during the grace period, the delinquency proceedings for that year will be cancelled. Full payment after the grace period may include late fees and penalties. If the taxes remain unpaid, they will be included on the delinquent tax list in the next year, and the property will be subject to forfeiture.

Questions and Hypothetical Situations

Question 1: How does this provision affect the November 15 due date for agricultural homestead second-half taxes?

The grace period for a qualifying individual who owns agricultural homestead property that qualifies for the November 15 deadline would have until March 15 of the following year to pay their taxes.

Question 2: Does this provision apply to property owned by an LLC, partnership, trust, family farm corporation, or other similar type of entity where a member of the entity may qualify?

It does not apply.

This provision describes a particular type of individual, not a general “person” as it is used elsewhere in statute to include various types of taxpayers, including entities like an LLC. The law requires the taxpayer to provide certain paperwork, service orders or form DD214, which an LLC or other non-human entity would not be able to provide. A member of one of these entities might qualify individually, but that does not extend to the entity as the taxpayer.

Question 3: Does property qualifying for homestead under the relative homestead provisions qualify for the modified due dates?

If a qualifying individual is the owner of the property receiving the relative homestead, yes, the modified due dates would apply. If a service member is the relative living on the property but does not own it, the modified due dates do not apply.

Hypothetical 1: A property is classified as residential non-homestead for taxes payable in 2021. February 1, 2021, a member of the National Guard purchases the property. On March 1, 2021, the new owner moves in and applies for the homestead classification. On April 1, 2021, the new owner reports to active duty. Does this property qualify for the modified due date for taxes payable in 2021 if he/she is still on active duty status on the applicable due dates?

Yes. For the purposes of this provision, as long as homestead application has been made prior to the due date, the modified payment dates apply the same payable calendar year. The law is not clear on whether the property needs to be considered homestead for the assessment year or taxes payable year, so as long as there is at least homestead application made during that payable calendar year, it is considered homestead property for the modified payment due dates.

Hypothetical 2: A property is classified as residential non-homestead for taxes payable in 2021. April 1, 2021, a member of the National Guard **on active service purchases the property and applies for**

homestead classification. Does this property qualify for the modified due dates for taxes payable in 2021 if he/she is still on active service status on the applicable due dates?

Yes. The reasoning is the same as above. As long as homestead application has been made by the due date, the modified payment dates apply the same payable calendar year.

Modified unpaid taxes penalty schedule

Active Service Member Taxpayer Penalties when Grace Period Applies – Taxes Payable 2021

Property Type	2021								2022						
	May 18	June 1	July 1	Aug 1	Sep 16	Oct 1	Nov 1	Dec 1	Jan 1	Feb 1	Feb 16	Mar 1	Mar 16	Apr 1	May 1
Homestead															
1st half					2%	4%	5%	6%	7%	8%	8%	8%	-	8%	10%
2nd half					-	-	-	-	-	-	2%	4%	-	5%	7%
Both unpaid					-	-	-	-	-	-	5%	6%	-	6.5%	8.5%
Agricultural homestead															
1st half					2%	4%	5%	6%	7%	8%	8%	8%	8%	8%	10%
2nd half					-	-	-	-	-	-	-	-	2%	4%	6%
Both unpaid					-	-	-	-	-	-	-	-	5%	6%	8%
Personal Property (homestead only)					8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

Program Contacts

Sarah Adam
 Supervisor, Auditor/Treasurer Services
sarah.adam@state.mn.us
 651-556-4861