

**PROPERTY TAX  
Exclusion for Veterans with a  
Disability Increased**

May 13, 2024

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of H.F. 236 (Freiberg) / S.F. 772 (Mitchell) as introduced

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
PTR Interaction – Veteran Homesteads	\$0	\$0	\$520	\$560
PTR Interaction – Other Homesteads	\$0	\$0	(\$210)	(\$230)
<b>General Fund Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$310</b>	<b>\$330</b>

Effective beginning with property taxes payable in 2024.

**EXPLANATION OF THE BILL**

The proposal would increase the maximum market value exclusion for homesteads of a veteran with a disability:

- from \$150,000 to \$165,000 for a veteran with a 70% or greater disability, and
- from \$300,000 to \$330,000 for a veteran with a total (100%) and permanent disability.

**REVENUE ANALYSIS DETAIL**

- There would be no impact on property taxes payable in 2024 since taxes have already been determined.
- There are approximately 23,000 homesteads currently receiving the exclusion.
- Under the proposal, approximately 16,000 homesteads would receive a larger exclusion for property taxes payable in 2025.
- The proposal would result in a net savings to the state of \$310,000 in fiscal year 2026 due to a reduction in state-paid homeowner property tax refunds (PTR) to qualifying homesteads.
- For taxes payable in 2025, the proposal would reduce state-paid homeowner refunds to qualifying homesteads by \$520,000, resulting in a savings to the state general fund.
- At the same time, the proposal would shift an estimated \$3.7 million in property taxes onto other properties, including other homesteads, increasing state-paid homeowner refunds by \$210,000. The overall savings to the state general fund is net of this cost.
- It is assumed that the number of homesteads that benefit under the proposal will increase by 5% annually; it is further assumed that the average refund will increase by 3% annually.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Approximately 16,000 homesteads.

## PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

*The bill is scored on a three-point scale (decrease, neutral, increase) for each principle in comparison to current law.*

Source: Minnesota Department of Revenue  
Property Tax Division – Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

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