

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

March 10, 2025

Department of Revenue

Analysis of S.F. 262 (Utke) / H.F. 194 (Knudsen) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

**Fund Impact**

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
PTR Interaction – Veteran Homesteads	\$0	\$1,800	\$1,900	\$2,000
PTR Interaction – Other Homesteads	<u>\$0</u>	<u>(\$710)</u>	<u>(\$750)</u>	<u>(\$780)</u>
General Fund Total	\$0	\$1,090	\$1,150	\$1,220

Effective beginning with assessment year 2025.

**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 \$200,000 for a veteran with a 70% or greater disability, and
- from \$300,000 to \$400,000 for a veteran with a total (100%) and permanent disability.

**REVENUE ANALYSIS DETAIL**

- The estimate is based on the February 2025 forecast.
- In assessment year 2024, approximately 26,000 homesteads received the exclusion.
- In assessment year 2025, an estimated 19,300 homesteads would benefit under the proposal.
- The proposal would result in a net savings to the state of \$1.09 million in fiscal year 2027 due to a reduction in state-paid homeowner property tax refunds (PTR) to qualifying homesteads.
- For taxes payable in 2026, the proposal would reduce state-paid homeowner refunds to qualifying homesteads by \$1.8 million, resulting in a savings to the state general fund.
- At the same time, the proposal would shift an estimated \$12.2 million of property taxes onto other properties, including other homesteads, increasing state-paid homeowner refunds by \$710,000. The overall savings to the state general fund is net of this cost.
- It is assumed that the number of homesteads enrolled in the program will increase by 5% annually.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Approximately 19,300 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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