

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 3717

(SENATE AUTHORS: LUCERO)

DATE
02/15/2024

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; establishing the senior citizen credit; appropriating
1.3 money; amending Minnesota Statutes 2022, sections 273.1392; 273.1393; 275.065,
1.4 subdivision 3; 276.04, subdivision 2; proposing coding for new law in Minnesota
1.5 Statutes, chapter 273.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **273.1389 SENIOR CITIZEN CREDIT.**

1.8 Subdivision 1. Eligibility. Property is eligible for a senior citizen credit under this section,
1.9 provided that:

1.10 (1) the property is classified as 1a or 1b under section 273.13, subdivision 22, or is the
1.11 portion of an agricultural homestead under section 273.13, subdivision 23, consisting of the
1.12 house, garage, and immediately surrounding one acre of land;

1.13 (2) the property is owned and occupied as a homestead by a person 65 years of age or
1.14 older. In the case of a married couple at least one spouse must be at least 65 years of age
1.15 and the other spouse must be at least 62 years of age;

1.16 (3) the total household income of the homeowners, as defined in section 290A.03,
1.17 subdivision 5, for the calendar year preceding the year of the initial application under
1.18 subdivision 2 does not exceed \$75,000;

1.19 (4) the property has been owned and occupied as the homestead of at least one of the
1.20 homeowners for at least five years prior to the initial application under subdivision 2; and

1.21 (5) the property owners are not currently participating in the senior citizens' property
1.22 tax deferral program under chapter 290B.

2.1 Subd. 2. **Initial application.** (a) The owner of property meeting the qualifications under
2.2 subdivision 1 may apply to the county assessor to receive the credit under this section.
2.3 Applications are due on or before March 1 in the year prior to the taxes payable year in
2.4 which the credit is first granted. A taxpayer may first apply in the calendar year in which
2.5 the taxpayer becomes 65 years of age. The application must be in a form and manner
2.6 prescribed by the county assessor and must include the following items and any other
2.7 information the county assessor deems necessary:

2.8 (1) the name, address, and Social Security number of the owner or owners;

2.9 (2) a copy of the property tax statement for the current taxes payable year for the
2.10 homesteaded property;

2.11 (3) the initial year of ownership and occupancy of the property as a homestead; and

2.12 (4) the owner's total household income for the previous calendar year.

2.13 (b) Eligible properties must continue to receive the senior citizen credit under this section
2.14 for subsequent taxes payable years until one of the following occurs:

2.15 (1) the property is sold or transferred;

2.16 (2) the death of all qualifying homeowners; or

2.17 (3) the property no longer qualifies as a homestead.

2.18 Subd. 3. **Credit amount.** The annual credit amount under this section is equal to the
2.19 amount of tax due on an eligible property after the application of any other property tax
2.20 credits, minus three percent of the homeowner's total household income provided in the
2.21 initial application under subdivision 2. The credit amount must not be less than \$0.

2.22 Subd. 4. **Credit reimbursement.** The county auditor must determine the tax reductions
2.23 under this section within the county for each taxes payable year and must certify the amount
2.24 to the commissioner of revenue as part of the data required under section 270C.85,
2.25 subdivision 2. Any prior year adjustments must also be certified as part of the data required
2.26 under section 270C.85, subdivision 2. The commissioner must review the certifications for
2.27 accuracy, and make such changes as are deemed necessary, or return the certification to the
2.28 county auditor for correction. The credit under this section must be used to proportionately
2.29 reduce the net property tax payable to each local taxing jurisdiction as provided in section
2.30 273.1393.

2.31 Subd. 5. **Payment.** (a) The commissioner of revenue must reimburse each local taxing
2.32 jurisdiction, other than school districts, for the tax reductions granted under this section in

3.1 two equal installments on October 31 and December 26 of the taxes payable year for which
 3.2 the reductions are granted, including in each payment the prior year adjustments certified
 3.3 under section 270C.85, subdivision 2, for that taxes payable year.

3.4 (b) The commissioner of revenue must certify the total of the tax reductions granted
 3.5 under this section for each taxes payable year within each school district to the commissioner
 3.6 of education, and the commissioner of education must pay the reimbursement amounts to
 3.7 each school district as provided in section 273.1392.

3.8 Subd. 6. **Appropriation.** An amount sufficient to make the payments required by this
 3.9 section to taxing jurisdictions other than school districts is annually appropriated from the
 3.10 general fund to the commissioner of revenue. An amount sufficient to make the payments
 3.11 required by this section for school districts is annually appropriated from the general fund
 3.12 to the commissioner of education.

3.13 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024.

3.14 Sec. 2. Minnesota Statutes 2022, section 273.1392, is amended to read:

3.15 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

3.16 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 3.17 conservation tax credits under section 273.119; disaster or emergency reimbursement under
 3.18 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387;
 3.19 the senior citizen credit under section 273.1389; aids and credits under section 273.1398;
 3.20 enterprise zone property credit payments under section 469.171; and metropolitan agricultural
 3.21 preserve reduction under section 473H.10 for school districts, shall be certified to the
 3.22 Department of Education by the Department of Revenue. The amounts so certified shall be
 3.23 paid according to section 127A.45, subdivisions 9, 10, and 13.

3.24 **EFFECTIVE DATE.** This section is effective beginning with fiscal year 2026.

3.25 Sec. 3. Minnesota Statutes 2022, section 273.1393, is amended to read:

3.26 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

3.27 Notwithstanding any other provisions to the contrary, "net" property taxes are determined
 3.28 by subtracting the credits in the order listed from the gross tax:

3.29 (1) disaster credit as provided in sections 273.1231 to 273.1235;

3.30 (2) powerline credit as provided in section 273.42;

3.31 (3) agricultural preserves credit as provided in section 473H.10;

- 4.1 (4) enterprise zone credit as provided in section 469.171;
- 4.2 (5) disparity reduction credit;
- 4.3 (6) conservation tax credit as provided in section 273.119;
- 4.4 (7) the school bond credit as provided in section 273.1387;
- 4.5 (8) agricultural credit as provided in section 273.1384;
- 4.6 (9) taconite homestead credit as provided in section 273.135;
- 4.7 (10) supplemental homestead credit as provided in section 273.1391; ~~and~~
- 4.8 (11) the bovine tuberculosis zone credit, as provided in section 273.113; and
- 4.9 (12) senior citizen credit, as provided in section 273.1389.

4.10 The combination of all property tax credits must not exceed the gross tax amount.

4.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.

4.12 Sec. 4. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

4.13 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
 4.14 the county treasurer shall deliver after November 10 and on or before November 24 each
 4.15 year, by first class mail to each taxpayer at the address listed on the county's current year's
 4.16 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
 4.17 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
 4.18 or by ordinary mail.

4.19 (b) The commissioner of revenue shall prescribe the form of the notice.

4.20 (c) The notice must inform taxpayers that it contains the amount of property taxes each
 4.21 taxing authority proposes to collect for taxes payable the following year. In the case of a
 4.22 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
 4.23 The notice must clearly state for each city that has a population over 500, county, school
 4.24 district, regional library authority established under section 134.201, metropolitan taxing
 4.25 districts as defined in paragraph (i), and fire protection and emergency medical services
 4.26 special taxing districts established under section 144F.01, the time and place of a meeting
 4.27 for each taxing authority in which the budget and levy will be discussed and public input
 4.28 allowed, prior to the final budget and levy determination. The taxing authorities must provide
 4.29 the county auditor with the information to be included in the notice on or before the time it
 4.30 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
 4.31 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It

5.1 must provide a telephone number for the taxing authority that taxpayers may call if they
5.2 have questions related to the notice and an address where comments will be received by
5.3 mail, except that no notice required under this section shall be interpreted as requiring the
5.4 printing of a personal telephone number or address as the contact information for a taxing
5.5 authority. If a taxing authority does not maintain public offices where telephone calls can
5.6 be received by the authority, the authority may inform the county of the lack of a public
5.7 telephone number and the county shall not list a telephone number for that taxing authority.

5.8 (d) The notice must state for each parcel:

5.9 (1) the market value of the property as determined under section 273.11, and used for
5.10 computing property taxes payable in the following year and for taxes payable in the current
5.11 year as each appears in the records of the county assessor on November 1 of the current
5.12 year; and, in the case of residential property, whether the property is classified as homestead
5.13 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
5.14 values apply and that the values are final values;

5.15 (2) the items listed below, shown separately by county, city or town, and state general
5.16 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
5.17 credit under section 273.1387, senior citizen credit under section 273.1389, voter approved
5.18 school levy, other local school levy, and the sum of the special taxing districts, and as a
5.19 total of all taxing authorities:

5.20 (i) the actual tax for taxes payable in the current year; and

5.21 (ii) the proposed tax amount.

5.22 If the county levy under clause (2) includes an amount for a lake improvement district
5.23 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
5.24 must be separately stated from the remaining county levy amount.

5.25 In the case of a town or the state general tax, the final tax shall also be its proposed tax
5.26 unless the town changes its levy at a special town meeting under section 365.52. If a school
5.27 district has certified under section 126C.17, subdivision 9, that a referendum will be held
5.28 in the school district at the November general election, the county auditor must note next
5.29 to the school district's proposed amount that a referendum is pending and that, if approved
5.30 by the voters, the tax amount may be higher than shown on the notice. In the case of the
5.31 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
5.32 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
5.33 the St. Paul Library Agency must be listed separately from the remaining amount of the
5.34 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be

6.1 listed separately from the remaining amount of the county's levy. In the case of a parcel
6.2 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
6.3 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
6.4 capacity subject to the areawide tax must each be stated separately and not included in the
6.5 sum of the special taxing districts; and

6.6 (3) the increase or decrease between the total taxes payable in the current year and the
6.7 total proposed taxes, expressed as a percentage.

6.8 For purposes of this section, the amount of the tax on homesteads qualifying under the
6.9 senior citizens' property tax deferral program under chapter 290B is the total amount of
6.10 property tax before subtraction of the deferred property tax amount.

6.11 (e) The notice must clearly state that the proposed or final taxes do not include the
6.12 following:

6.13 (1) special assessments;

6.14 (2) levies approved by the voters after the date the proposed taxes are certified, including
6.15 bond referenda and school district levy referenda;

6.16 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
6.17 in November of the levy year as provided under section 275.73;

6.18 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
6.19 after the date the proposed taxes are certified;

6.20 (5) amounts necessary to pay tort judgments against the taxing authority that become
6.21 final after the date the proposed taxes are certified; and

6.22 (6) the contamination tax imposed on properties which received market value reductions
6.23 for contamination.

6.24 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
6.25 county treasurer to deliver the notice as required in this section does not invalidate the
6.26 proposed or final tax levy or the taxes payable pursuant to the tax levy.

6.27 (g) If the notice the taxpayer receives under this section lists the property as
6.28 nonhomestead, and satisfactory documentation is provided to the county assessor by the
6.29 applicable deadline, and the property qualifies for the homestead classification in that
6.30 assessment year, the assessor shall reclassify the property to homestead for taxes payable
6.31 in the following year.

7.1 (h) In the case of class 4 residential property used as a residence for lease or rental
7.2 periods of 30 days or more, the taxpayer must either:

7.3 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
7.4 or lessee; or

7.5 (2) post a copy of the notice in a conspicuous place on the premises of the property.

7.6 The notice must be mailed or posted by the taxpayer by November 27 or within three
7.7 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
7.8 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
7.9 notice must be mailed in order to fulfill the requirements of this paragraph.

7.10 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
7.11 districts" means the following taxing districts in the seven-county metropolitan area that
7.12 levy a property tax for any of the specified purposes listed below:

7.13 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
7.14 473.521, 473.547, or 473.834;

7.15 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

7.16 (3) Metropolitan Mosquito Control Commission under section 473.711.

7.17 For purposes of this section, any levies made by the regional rail authorities in the county
7.18 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
7.19 shall be included with the appropriate county's levy.

7.20 (j) The governing body of a county, city, or school district may, with the consent of the
7.21 county board, include supplemental information with the statement of proposed property
7.22 taxes about the impact of state aid increases or decreases on property tax increases or
7.23 decreases and on the level of services provided in the affected jurisdiction. This supplemental
7.24 information may include information for the following year, the current year, and for as
7.25 many consecutive preceding years as deemed appropriate by the governing body of the
7.26 county, city, or school district. It may include only information regarding:

7.27 (1) the impact of inflation as measured by the implicit price deflator for state and local
7.28 government purchases;

7.29 (2) population growth and decline;

7.30 (3) state or federal government action; and

8.1 (4) other financial factors that affect the level of property taxation and local services
8.2 that the governing body of the county, city, or school district may deem appropriate to
8.3 include.

8.4 The information may be presented using tables, written narrative, and graphic
8.5 representations and may contain instruction toward further sources of information or
8.6 opportunity for comment.

8.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.

8.8 Sec. 5. Minnesota Statutes 2022, section 276.04, subdivision 2, is amended to read:

8.9 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
8.10 the tax statements. The commissioner of revenue shall prescribe the form of the property
8.11 tax statement and its contents. The tax statement must not state or imply that property tax
8.12 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
8.13 of the dollar amount due to each taxing authority and the amount of the state tax from the
8.14 parcel of real property for which a particular tax statement is prepared. The dollar amounts
8.15 attributable to the county, the state tax, the voter approved school tax, the other local school
8.16 tax, the township or municipality, and the total of the metropolitan special taxing districts
8.17 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
8.18 amounts due all other special taxing districts, if any, may be aggregated except that any
8.19 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
8.20 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
8.21 under the appropriate county's levy. If the county levy under this paragraph includes an
8.22 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
8.23 the amount attributable for that purpose must be separately stated from the remaining county
8.24 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
8.25 an amount for public library service under section 134.07, the amount attributable for that
8.26 purpose may be separated from the remaining county levy amount. The amount of the tax
8.27 on homesteads qualifying under the senior citizens' property tax deferral program under
8.28 chapter 290B is the total amount of property tax before subtraction of the deferred property
8.29 tax amount. The amount of the tax on contamination value imposed under sections 270.91
8.30 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
8.31 amount of any special assessments, may be rounded to the nearest even whole dollar. For
8.32 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
8.33 even-numbered dollar. The amount of market value excluded under section 273.11,
8.34 subdivision 16, if any, must also be listed on the tax statement.

9.1 (b) The property tax statements for manufactured homes and sectional structures taxed
9.2 as personal property shall contain the same information that is required on the tax statements
9.3 for real property.

9.4 (c) Real and personal property tax statements must contain the following information
9.5 in the order given in this paragraph. The information must contain the current year tax
9.6 information in the right column with the corresponding information for the previous year
9.7 in a column on the left:

9.8 (1) the property's estimated market value under section 273.11, subdivision 1;

9.9 (2) the property's homestead market value exclusion under section 273.13, subdivision
9.10 35;

9.11 (3) the property's taxable market value under section 272.03, subdivision 15;

9.12 (4) the property's gross tax, before credits;

9.13 (5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

9.14 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
9.15 273.1389; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount
9.16 of credit received under section 273.135 must be separately stated and identified as "taconite
9.17 tax relief"; and

9.18 (7) the net tax payable in the manner required in paragraph (a).

9.19 (d) If the county uses envelopes for mailing property tax statements and if the county
9.20 agrees, a taxing district may include a notice with the property tax statement notifying
9.21 taxpayers when the taxing district will begin its budget deliberations for the current year,
9.22 and encouraging taxpayers to attend the hearings. If the county allows notices to be included
9.23 in the envelope containing the property tax statement, and if more than one taxing district
9.24 relative to a given property decides to include a notice with the tax statement, the county
9.25 treasurer or auditor must coordinate the process and may combine the information on a
9.26 single announcement.

9.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.