

Applying for the Homestead Classification

11

Property Tax Fact Sheet 11

Fact Sheet

The homestead classification applies to properties that are physically occupied by the owner(s) as the principal place of residence. Classification as a homestead may qualify the property for a reduced classification rate, a reduced taxable market value, a property tax refund, and/or other special program eligibility.

What are the benefits of homestead classification?

A homestead classification qualifies your property for a classification rate of 1.00% on up to \$500,000 in taxable market value. Homesteads are also eligible for a market value exclusion, which may reduce the property's taxable market value. Homestead properties also qualify for other programs such as the disabled veterans' market value exclusion, senior citizens' property tax deferral, and property tax refunds.

The residential homestead market value exclusion applies to class 1a residential homesteads, class 1b blind/disabled homesteads, and class 2a agricultural homesteads (the portion including the house, garage, and immediately surrounding one acre of land). For a homestead residence valued at \$76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$30,400 at \$76,000 of market value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus 9 percent of the value over \$76,000. The exclusion is therefore phased out for properties valued at \$413,800 or more.

How do I qualify?

To qualify for a homestead, you must meet the following criteria:

1. You must be an owner of the property;
2. you must occupy the property as your primary residence; and
3. you must be a Minnesota resident.

In order to determine that you meet the above criteria, your County Assessor may ask you to verify the address on your Minnesota driver's license, the address where you are registered to vote, your primary mailing address, or other factual information.

How can I apply?

Applications for homestead are made to, and approved by, the County Assessor in the county where your property is located.

When should I apply?

After purchasing and moving into a new home, you should apply for homestead as soon as possible. You may apply for homestead at any time during the year, and you may qualify for taxes payable the following year provided that you move into the home by December 1 of the year and apply by December 15.

What information might I need to provide?

Minnesota Statutes, section 273.124, subdivision 13 requires that you provide the Social Security number of all owners who occupy the property. Additionally, the Social Security number of the spouse of each owner who occupies a property must also be provided – whether the spouse occupies the property or not. Social Security numbers and other proofs are private data, but may be shared with the County Auditor, County Treasurer, County Attorney, the Commissioner of Revenue, and/or other local, state, or federal tax authorities.

You may refuse to provide this information, however refusal will disqualify you from receiving homestead classification.

How often must I apply?

If your property has been granted homestead classification, you do not need to reapply. However, the County Assessor may at any time ask you to provide an additional application or other documentation to verify that you continue to meet the requirements for homestead treatment.

Can I have more than one homestead?

No; you may only have one homestead in the state of Minnesota. If you change your primary residence during the year, you may apply for homestead at the new residence. You must notify the County Assessor that your primary residence has changed, and you will need to complete and sign a new homestead application. As stated previously, you must own and occupy a property by December 1 and apply by December 15 to qualify for taxes payable in the following year.

What should I do if I move, transfer my property, or change my marital status?

If your property is sold, if you change your primary residence, or if occupancy by a spouse changes, state law requires you to notify the assessor within 30 days. If you fail to notify the assessor within 30 days, the property may be assessed taxes due as if the property were non-homestead.

Can I apply for a property tax refund?

You may qualify for a property tax refund. A property tax refund is based on your household income and the property taxes paid. For more information on the property tax refund, please visit the Department of Revenue's website at www.taxes.state.mn.us.

Can my relative apply for homestead?

Certain relatives can qualify for homestead treatment. For non-agricultural (i.e., residential) properties, qualifying relatives include parents, grandparents, siblings, children, grandchildren, aunts, uncles, nieces, and nephews of the owner or of the spouse of the owner. For agricultural properties, qualifying relatives include parents, siblings, children, and grandchildren of the owner or of the spouse of the owner.

For relative homesteads, separate applications must be completed. As with owner-occupied homesteads, applications are made to, and approved by, the County Assessor in the county where the property is located.

Relative homesteads do not qualify for a property tax refund.

What if my property is held under a trust?

Property held under a trust may also qualify for homestead. Contact your County Assessor for more information.

What if I have other questions?

Your County Assessor's office is a valuable resource for your questions related to homestead qualifications and other property tax information.