DEPARTMENT OF REVENUE

Memorandum

Date: 07/27/2023

To: City and County Assessors

From: Jon Klockziem, Property Tax Director

Law Changes to Homestead Market Value Exclusion for Surviving Spouses of Veterans with a Disability

During the 2023 legislative session, two main changes were made to the surviving spouse provisions of the Homestead Market Value Exclusion for Veterans with a Disability.

1. For Surviving Spouses whose Exclusion had Expired

Prior to the 2019 legislative session, qualifying surviving spouses were only eligible to receive the exclusion for a maximum of eight years. In 2019, this was changed to a potential lifetime benefit, but the change did not allow surviving spouses to re-enroll if their exclusion had expired. This provision in the 2023 tax bill allows surviving spouses whose exclusion expired to re-apply for and potentially resume receiving the exclusion.

The following should be considered when reviewing applications for surviving spouses who re-apply under this provision:

- The spouse must still continue to qualify for the exclusion. This means they still live in the homesteaded residence the spouse shared with the veteran, and the surviving spouse must not have remarried, sold, transferred, or otherwise disposed of the original property. The one-time move provision is not applicable to these spouses, because a surviving spouse must currently qualify for the exclusion to use the one-time move.

- The surviving spouse must apply for the exclusion. If they qualify, they are eligible for the exclusion beginning in the assessment year the application was received. Surviving spouses who qualify may apply by December 31, 2023 to receive the exclusion for the 2023 assessment year for taxes payable in 2024.

2. Removal of Restrictions of the Death Date of a Veteran for Surviving Spouse Eligibility

If a veteran did not receive the exclusion prior to their death, surviving spouses may receive the exclusion under Minnesota Statute 273.13 sub. 34, paragraph (k). This allows surviving spouses to receive the exclusion if the