

Disabled Veteran Homestead Valuation Exclusion

- What is the disabled veteran valuation exclusion?*** This program provides a property tax benefit to qualifying homeowners by reducing the value of their home for property tax purposes by up to \$300,000. The benefit applies to certain disabled veterans, their surviving spouses, the surviving spouses of military personnel who have died in the line of duty, and certain primary caregivers of disabled veterans.
- What is the benefit?*** Veterans who are totally and permanently disabled (100% T&P) are eligible for a valuation exclusion of \$300,000; veterans who are not totally and permanently disabled, but who have a disability rating of 70 percent or higher, are eligible for an exclusion of \$150,000. Surviving spouses of deceased disabled veterans that were eligible for the \$300,000 exclusion are eligible to receive the same benefit for eight additional years after the veteran's death. If a disabled veteran does not own a house, but has a designated "primary family caregiver" who does own a house, the caregiver can receive the exclusion for the time he or she continues in that role. Surviving spouses of military personnel who have died in the line of duty are eligible to receive a \$300,000 exclusion for eight years following the service member's death.
- How does the benefit work?*** The exclusion amount is subtracted from the value of the homestead as determined by the assessor before property taxes are calculated. If the value of the homestead in any year is less than the exclusion amount, the homestead is totally exempt from property taxes for that year. The actual tax benefit for a specific property will vary based on the value of the home and the local tax rate.
- What are the qualifications for disabled veterans?*** To qualify as a disabled veteran, the veteran must have been honorably discharged from the U.S. armed forces as indicated by U.S. Department of Defense form DD214 or other official military discharge papers, and must be certified by the U.S. Dept. of Veterans Affairs (US/VA) as having a service-connected disability with a disability rating of 70 percent or higher.
- How do you enroll in the program?*** Application for benefits under this program must be filed with the county assessor. A disabled veteran must provide form CR-DVHE70 or CR-DVHE100 and provide proof of honorable discharge and of disability rating. A surviving spouse of a service member who dies while in active service must provide either U.S. Government Form DD1300 or DD2064. Primary family caregivers must supply certification that they qualify under the US/VA Program of Comprehensive Assistance for Family Caregivers. Recipients must apply for the benefit each year, except that totally and permanently disabled veterans do not need to reapply each year, since their disability status is permanent and their benefit is not time-limited.

<i>When do the benefits begin?</i>	Applications received prior to July 1 of any year take effect for taxes payable in the following year, unless the homestead is a manufactured home, in which case the benefit takes effect in the same year. Veterans who fail to apply in the first year that they are eligible may file in any subsequent year and begin receiving benefits after that.
<i>How is the tax benefit paid for?</i>	Excluding all or a portion of the value of the disabled veteran's home from property taxes slightly increases the taxes on other properties (homes, businesses, farms, etc.) in the taxing jurisdictions where the veteran's home is located, meaning that the veteran's property tax benefit is essentially being provided by the other properties within the same taxing jurisdictions.
<i>What about special assessments?</i>	Other charges that might appear on the property tax statement, such as special assessments and various types of fees, are not affected by the valuation exclusion and must continue to be paid in full.
<i>Are there survivor benefits?</i>	For a veteran who is totally and permanently disabled, the surviving spouse continues to receive program benefits in the eight calendar years following the death of the veteran, provided that the surviving spouse continues to own and reside in the house. There is no survivor benefit for spouses of veterans qualifying at the 70 percent standard. There is also no survivor benefit for spouses of disabled veterans who are not enrolled in the program before the veteran's death.
<i>How does the exclusion apply to an agricultural homestead?</i>	For agricultural homesteads, the exclusion applies only to that portion of the property consisting of the house, garage, and surrounding one acre of land.
<i>Does the market value exclusion affect other property tax relief programs?</i>	Properties that qualify for the disabled veterans homestead valuation exclusion do not receive the "regular" market value homestead exclusion of \$30,400 or less. Properties that qualify for the disabled veterans homestead valuation exclusion are not eligible to receive the preferential classification (1b) generally available on the first \$50,000 of market value on homesteads owned by persons who are blind or disabled. Disabled veterans, surviving spouses, and primary caregivers continue to be eligible for the property tax refund program, although it is likely that they would qualify for a significantly smaller refund because their property taxes would be so much lower due to the exclusion.

For more information: Contact legislative analyst Steve Hinze at steve.hinze@house.mn or Andrew Biggerstaff at andrew.biggerstaff@house.mn. Also see the Department of Revenue's fact sheet on the disabled veterans exclusion program at http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_13.pdf.

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