

Property Tax Relief for Properties Damaged in a Disaster

August 2022

Three property tax relief programs provide relief when property has been damaged in a disaster. Local option abatements provide relief to certain properties in the year the damage occurs. The homestead disaster credit and the local option disaster credit provide relief in the year following the disaster. This publication summarizes the requirements of each program and the relief available under each.

[Minnesota Statutes sections 273.1231](#) to 273.1235 outline the programs that provide property tax relief when property has been damaged in a natural disaster, such as a flood or a tornado, or by another source of damage, such as a fire or vandalism. A number of factors affect the amount of relief that is available, such as whether the damage was due to a state or federally declared disaster or emergency, whether the property is a homestead, and the extent of damage to the property. The flow charts in this document show the remedies available under each of the programs.

Declaring a disaster or emergency area

In order for a taxing jurisdiction to be declared a disaster or emergency area under these property tax relief programs, (a) a federal official (the president, the secretary of agriculture, or the administrator of the Small Business Administration) must have determined that a disaster exists pursuant to federal law, or a local emergency must have been declared by the mayor of a municipality or the chair of a county board; and (b) the state Executive Council must approve an application for property tax relief submitted by the jurisdiction. The council may only approve applications if the average damage to all buildings in the jurisdiction exceeds \$5,000, and (a) at least 25 taxable buildings were damaged, or (b) the aggregate damage exceeds 1 percent of the market value of all taxable buildings. State law requires all properties potentially eligible for one of the relief programs to be reassessed by the county assessor following the disaster.

Relief programs

Local option abatements provide relief in the year of the disaster. Only properties containing structures with damage equal to at least 50 percent of the building's value are eligible for *local option abatements*. In the case of properties in a disaster or emergency area, any abatements granted by the county will be compensated by the state. Damaged properties that are not in a disaster or emergency area may still receive the abatements, but there will be no state compensation to the local jurisdictions. All local option abatements are offered at the discretion of the county and require the property owner to submit an application.

The homestead disaster credit and local option disaster credit provide relief in the year following the disaster. The *homestead disaster credit* is automatically granted to qualifying homestead properties and is reimbursable by the state. Non-homestead properties located in a disaster or emergency area can apply for a *local option disaster credit*, which is also reimbursable by the state. Property of any type not located in a disaster or emergency area may receive the *local option disaster credit* if the damage is at least equal to 50 percent of the property's value. The credit for properties not located in a disaster or emergency area is offered at the discretion of the county and no state compensation is paid for this relief.

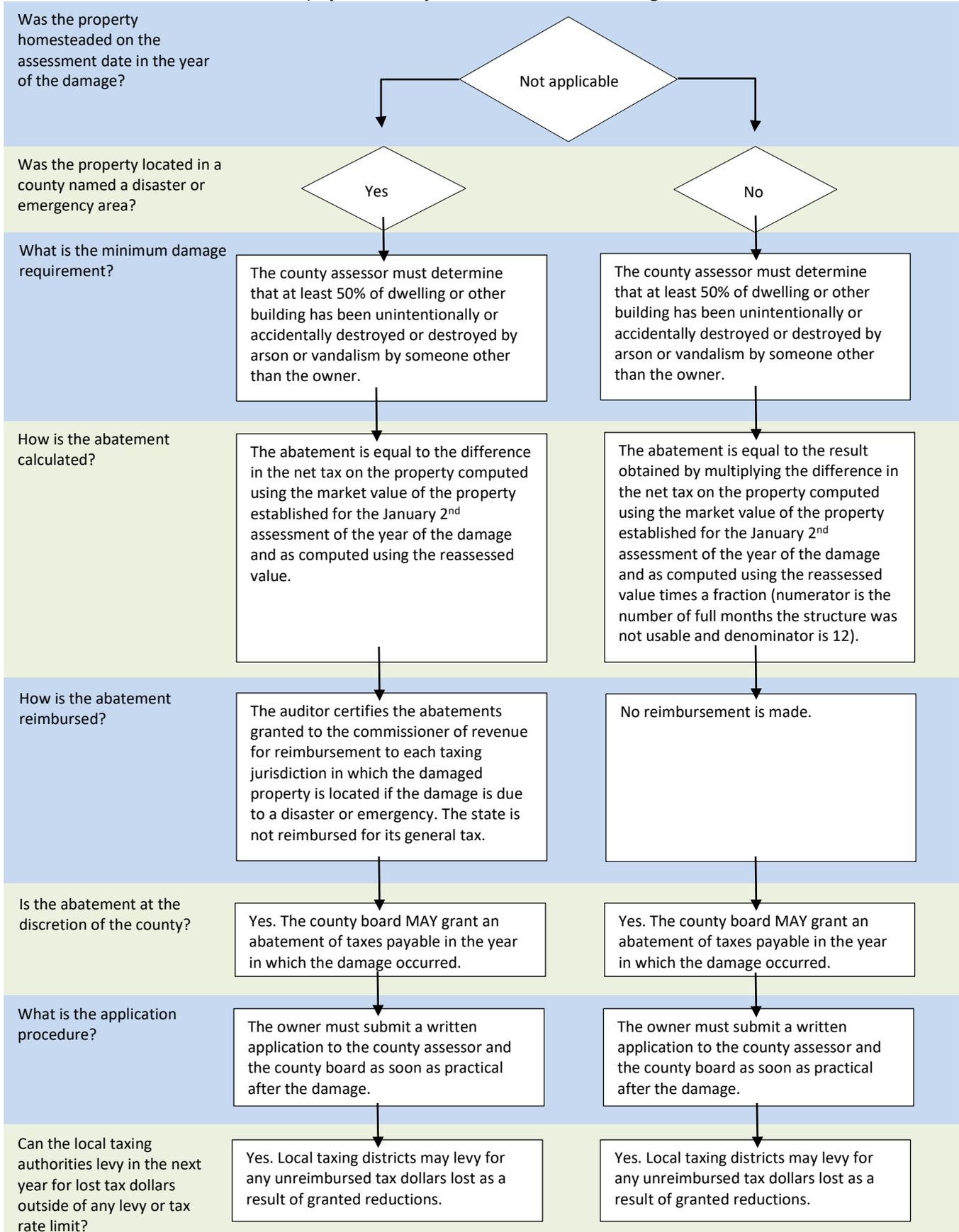


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Local Option Disaster Abatement
(for taxes payable the year in which the damage occurs)

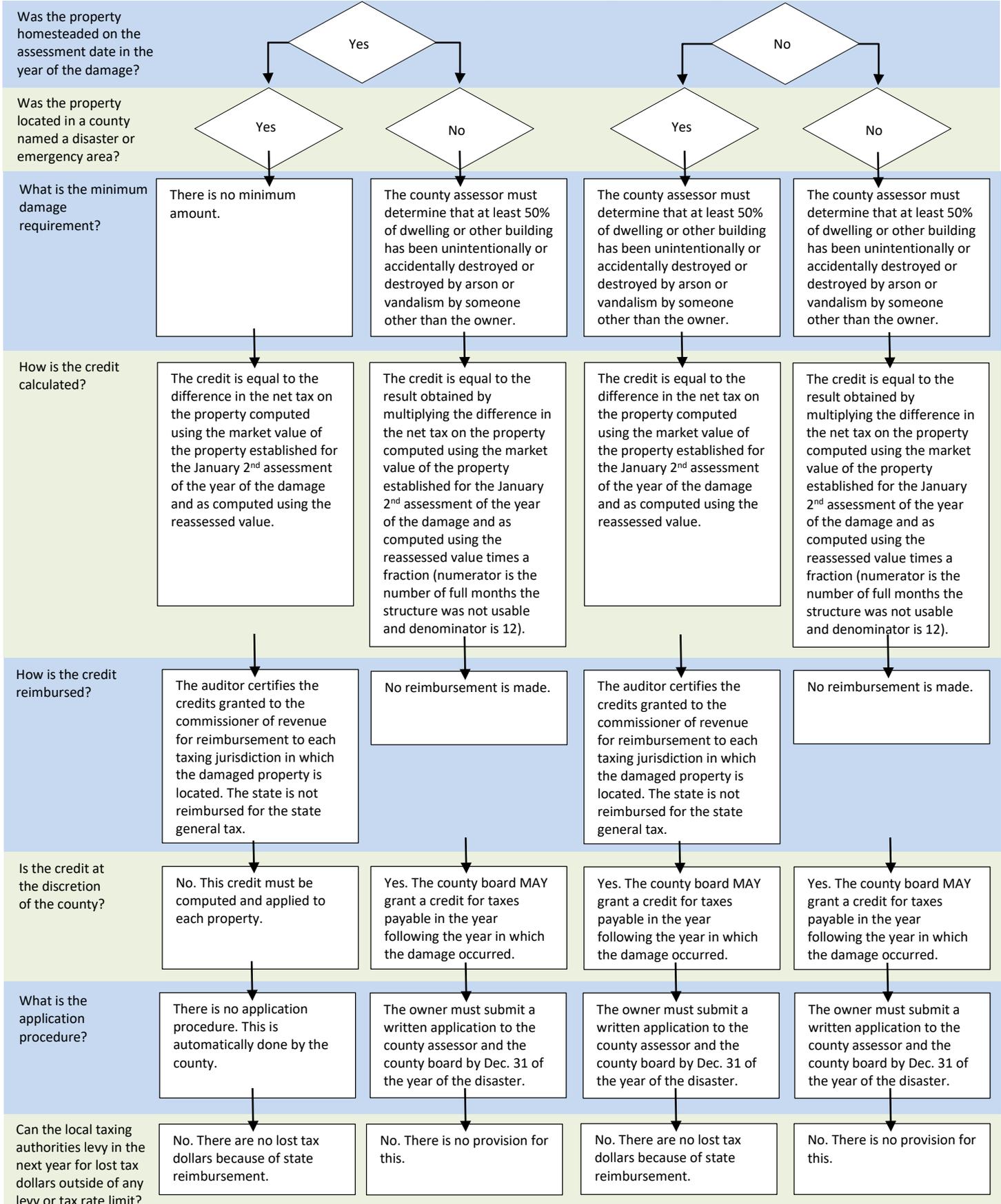


Statutory Reference

[Minn. Stat. § 273.1233](#)

[Minn. Stat. § 273.1233](#)

Homestead Disaster Credit and Local Option Disaster Credit
(for taxes payable in the year following the damage)



Statutory Reference

[Minn. Stat. § 273.1234](#)

[Minn. Stat. § 273.1235](#)

[Minn. Stat. § 273.1235](#)

[Minn. Stat. § 273.1235](#)