

Special Homestead Classification: Class 1b

1b

Provides a reduced class rate for qualifying blind/disabled property owners

Property Tax Fact Sheet 1b

Fact Sheet

What is a Class 1b?

Class 1b provides a reduced class rate for homestead property of any person who qualifies as blind or as permanently and totally disabled. The Class 1b blind/disabled homestead is different than other homesteads because the qualification is specific to a person (and the disabling condition), rather than being predicated on the use of the property. As a result, 1b homestead classification follows the blind/disabled individual from one property to another. Class 1b is not an exemption from property taxes; it is a reduction in taxes.

Who is eligible for Class 1b?

Class 1b blind/disabled homestead is provided to any person who qualifies as:

- (1) blind as defined in M.S. 256D.35, or the blind person and the blind person's spouse;
- (2) permanently and totally disabled, or the disabled person and the disabled persons spouse; or
- (3) the surviving spouse of a permanently and totally disabled veteran who was receiving class 1b for the 2007 assessment year, taxes payable 2008.

Blind: "Blind" means the condition of a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or, if visual acuity is greater than 20/200, the condition is accompanied by limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees. When applying for class 1b an eye doctor's report or letter giving detail of the person's sight must be included. A statement by the individual is not sufficient.

Disabled: For the purposes of 1b classification, permanently and totally disabled describes a condition which is permanent in nature and totally

incapacitates a person from working at an occupation which brings the person an income. An individual who is permanently and totally disabled must be receiving payments from a qualifying agency because of their disability.

Examples of qualifying agencies are:

- Social Security Administration
- Veterans Administration
- Public or private pension plans
- Welfare Supplemental Security Income
- Workers Compensation

How does Class 1b work?

Qualifying applicants will receive a reduction in taxes as follows:

- First \$50,000 market value has a net class rate of 0.45 percent of its market value.
- The remaining market value has a class rate using the rates for residential or agricultural homestead property, whichever is appropriate.

Example: Assume you own a residential homestead with a Taxable Market Value of \$200,000. The first \$50,000 of that value is taxed at a rate of 0.45 percent instead of the normal 1.00 percent rate applied to residential homesteads of the same value.

$$\begin{aligned}
 \$50,000 \times 0.45 \text{ percent} &= && \$225.00 \\
 \$150,000 \text{ (remaining value)} \times 1.00 \text{ percent} &= && \$1,500.00 \\
 \$225.00 + \$1,500.00 &= && \mathbf{\$1,725.00}
 \end{aligned}$$

Without class 1b, and the corresponding reduction in taxes, the above example would pay **\$2,000.00** in annual taxes. In this example, qualifying for class 1b would result in a savings of **\$275.00** annually.

This is a simplified example. It does not take into account any additional tax costs or savings that may apply to your property. It also does not take into account the variation in local tax rates.

Relative Homesteads

To qualify as class 1b (blind or disabled) on a relative homestead, the qualifying relative living in the home must be the qualifying blind/disabled person.

- If you are blind/disabled and own a second home that a non-blind/disabled relative occupies as a homestead, that home is *not* eligible for the 1b homestead classification.
- If you are blind/disabled and occupy a home that is owned by a relative, that home may qualify for 1b homestead classification.

How do I apply?

To apply for class 1b blind/disabled homestead, you must complete the appropriate application with your county assessor by October 1st for taxes payable the next year. The onset of your disability or blindness must have occurred on or before June 30 of the year you are filing for the special homestead classification. You must attach the appropriate documentation proving that you are blind/ disabled.

- **Blind:** Provide a copy of a letter or current eye report signed by your eye doctor stating that you are legally blind.
- **Disabled:** Provide proof of disability payments from a qualifying agency. Provide a letter from a qualifying agency certifying that you are totally and permanently disabled (usually this is a copy of an initial disability award letter from the agency).

There are no annual applications for class 1b. If you qualify for class 1b it is permanent as long as occupy the homestead. However, if you move to a new location, you must notify the county assessor within 30 days of the change and the class 1b status will move with you.

What else should I know?

The county assessor must be notified within 30 days if your property qualifying for class 1b is sold, there is a change in occupancy, or there is a change in your status or condition that would no longer warrant the special homestead. If a you fail to notify the assessor of such a change within 30 days you will be subject to the penalties provided in Minnesota Statutes 273.124, subdivision 13 (fraudulent homestead penalties). The property will also lose its current classification as class 1b.

The 1b class expires with the death of the blind/disabled property owner. It does not extend to a spouse after death; the classification would be removed for the following assessment.

Property receiving the Disabled Veterans Homestead (Market Value Exclusion program) is not eligible for 1b classification.

What if I have questions?

If you need additional information or assistance contact your county assessor.