

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H. F. 88

**DATE:** March 4, 1999

**Version:** As introduced

**Authors:** Milbert and others

**Subject:** Freezing market value until sale of property

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### Overview

Freezes the value of certain property at the market value which was used for property tax purposes for the 1998 assessment, taxes payable in 1999. No increase in market value is subsequently allowed until the property is sold. Effective for the 1999 assessment and thereafter.

**1 Limited market value.** Provides that the market value on all property that is subject to the current limited market value provisions may not exceed the market value used for the 1998 assessment, taxes payable in 1999. The market value on this property cannot increase for property tax purposes until the property is sold. If the market value used for the 1998 assessment was limited by the current law provisions, then that value will be its frozen value.

Under current law, the market value of property that is classified as agricultural homestead or non-homestead, residential homestead or non-homestead, and noncommercial seasonal recreational residential property cannot increase by more than: (1) 10 percent, or (2) 25 percent of the difference between the current year's assessment and the preceding year's assessment, whichever is greater.

H. F. 88 replaces the current limitation by freezing the qualifying property's market value at its 1998 value (the one used for property tax purposes for payable 1999), except upon sale of the property. For the first assessment year after the sales or conveyance of property for which the assessor's estimated market value (EMV) is greater than this "frozen" value which has been used for property tax purposes, the value of the property shall be increased to the assessor's current year's EMV.

Any increase in market value due to new improvements is added to the property's market value and is not subject to this freeze/limitation. This is the same as under current law.

Limited market value is currently in effect through assessment year 2001. This proposal makes these provisions permanent.

**2**        **Effective date.** Provides that section 1 is effective for the 1999 assessment, taxes payable in 2000, and thereafter.