

HOUSE RESEARCH

Bill Summary

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Subject: Limiting market value increases

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Overview

Limits market value increases to the lesser of 5 percent or the increase in the consumer price index for all classes of property. Effective for the 1999 assessment and thereafter.

Section

1 Limited market value. Changes the limited market value provisions and extends them to all classes of property. Provides that a property's market value for tax purposes cannot be greater than the sum of :

(1) its estimated market value (EMV) for the previous assessment year, or if applicable, its limited market value (LMV) for the previous assessment year, plus
(2) an amount obtained by multiplying the market value in clause (1) by the **lesser** of

(i) 5 percent or (ii) the percentage rate of increase in the Consumer Price Index (CPI) for

the 12 month period ending October of the preceding assessment year.

Under current law, only agricultural homestead and non-

homestead, residential homestead and non-homestead, and noncommercial seasonal recreational residential property qualifies for limited market value. H. F. 200 extends the benefit to all classes of property.

In addition, under current law, a qualifying property's market value 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. 200 limits the increase to 5 percent, or the increase in the CPI, whichever is less.

It further provides that for the first assessment year after the sale or conveyance of property for which the assessor's EMV is greater than the market value which was used for that property for tax purposes, the value of that property shall be increased to the assessor'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 limitation. This is the same as under current law.

Under current law, the limited market value provisions expire after assessment year 2001. H. F. 200 strikes that sunset and makes the provisions permanent.

"Consumer Price Index" means the Consumer Price Index of all urban consumers as determined by the United States Department of Labor, Bureau of Labor Statistics.

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