

HOUSE RESEARCH

Bill Summary

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Authors: Kuisle and others

Subject: Property taxation of agricultural property

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Overview

H.F. 324 provides property tax relief for agricultural property in two ways - by reducing class rates and increasing the education agricultural credit. Additional HACA is provided to prevent shifting to other property classes. Effective for taxes payable in 2002 and thereafter.

Section

- 1 Agricultural class rates.** Increases the market value limit for the second tier of agricultural homestead property from \$600,000 to \$750,000. Reduces the class rate for the second tier of agricultural homestead property from 0.8% to 0.5%. Reduces the class rate for the upper tier of agricultural homestead property, all agricultural nonhomestead property and timberland from 1.2% to 1%. Effective for taxes payable in 2002 and thereafter.
- 2 Education agricultural credit.** Increases the education agricultural credit to 75% of the general education tax rate for all agricultural property and timberland; currently the credit covers 70% of the general education tax rate for agricultural homestead property up to \$600,000 in market value, and 63% for all other agricultural property and timberland. Also extends the credit to cover 33.3% of all other school district levies (besides the general education levy). The credit does not apply to the house, garage and surrounding one acre of land. Effective for taxes payable in 2002 and thereafter.
- 3 Homestead and agricultural credit aid (HACA).** Provides for increased HACA to all taxing jurisdictions to compensate for the loss of tax base due to the class rate changes, and to prevent tax shifting onto other types of property. Effective for aids payable in 2002 and thereafter.