

HOUSE RESEARCH

Bill Summary

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Subject: Property taxation; reinstating limited market value for agricultural property
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Overview

H.F. 3372 reinstates limited market value for agricultural properties only for taxes payable in 2011 through 2015. It also modifies a number of parameters in the property tax targeted refund program to reduce the cost of that program, in order to offset increased property tax refund costs associated with the limited market value reinstatement.

Section

- 1 Limited market value.** Reinstates limited market value for homestead and nonhomestead agricultural property only (including class 2b rural vacant land) for assessment years 2010 through 2014 (taxes payable in 2011 through 2015).

For assessment year 2010 (taxes payable 2011), valuation increases are limited to the greater of 20 percent over the 2008 assessment, or 33 percent of the difference between the 2008 assessment and the 2010 assessment.

For assessment years 2011 through 2013 (taxes payable in 2012 through 2014), valuation increases are limited to the greater of 15 percent over the previous year's assessment, or 33 percent of the difference between the previous assessment and the current assessment.

For assessment year 2014 (taxes payable in 2015), valuation increases are limited to the greater of 15 percent over the 2013 assessment, or 50 percent of the difference between the 2013 assessment and the 2014 assessment.

Effective for taxes payable in 2011 through 2015.

- 2 Additional refund.** Makes a number of modifications to the property tax targeted refund program. It increases the percentage threshold before any refund can be claimed from 12 percent to 20 percent, increases the minimum dollar threshold from \$100 to \$150, reduces the percentage of tax increase over the threshold that the refund will pay from 60 percent to

50 percent, and reduces the maximum refund from \$1,000 to \$500.

Effective for refunds based on property taxes payable in 2011 and thereafter.