

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Property taxation; conversion to assessed values and mill rates

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H.F. 2770 changes the nomenclature of Minnesota's property tax system from a system defined in terms of net tax capacities and net tax capacity tax rates to terms of assessed values and mill rates. Minnesota's property tax system was based on assessed values and mill rates prior to 1989. The table shows the relationship between each property type's current class rate and its proposed classification ratio: the classification ratios are exact multiples of the current class rates, so that no property type's relative share of the tax burden would change. Article 1 makes the basic changes to the classification statutes; article 2 consists of statutes where there are specific tax rates or net tax capacity amounts prescribed in statute, and adjusts them using a standard multiplier; and article 3 cleans up some cross-references.

### Classification Rates - 2018 Assessment

Class	Description	Tiers	Class Rate	H.F. 2770 Assessment Ratios
1a	Residential Homestead	First \$500,000	1.00%	50.0%
		Over \$500,000	1.25%	62.5%
1b	Blind/Disabled Homestead	First \$50,000	0.45%	22.5%
1c	Homestead Resort	First \$600,000	0.50%	25.0%
		\$600,000 - \$2,300,000	1.00%	50.0%
		Over \$2,300,000	1.25%	62.5%
1d	Mirgrant Housing	First \$500,000	1.00%	50.0%
		Over \$500,000	1.25%	62.5%

**Classification Rates - 2018 Assessment**

<b>Class</b>	<b>Description</b>	<b>Tiers</b>	<b>Class Rate</b>	<b>H.F. 2770 Assessment Ratios</b>
2a	Agricultural Homestead - HGA	First \$500,000	1.00%	50.0%
		Over \$500,000	1.25%	62.5%
2a/2b	Agricultural Homestead land	First \$1,900,000	0.50%	25.0%
		Over \$1,900,000	1.00%	50.0%
2a	Agricultural – Non-Homestead		1.00%	50.0%
2b	Rural Vacant Land		1.00%	50.0%
2c	Managed Forest Land		0.65%	32.5%
3a	Comm'l/Indstr'l Public Utility	First \$150,000	1.50%	75.0%
		Over \$150,000	2.00%	100.0%
	Public Utility machinery		2.00%	100.0%
4a	Residential Non-Homestead 4+ Units		1.25%	62.5%
4b(1)	Residential Non-Homestead 2-3 Units		1.25%	62.5%
4bb(1)	Residential Non-Homestead Single Unit	First \$500,000	1.00%	50.0%
		Over \$500,000	1.25%	62.5%
4c(1)	Seasonal Recreational Comm'l (resorts)	First \$500,000	1.00%	50.0%
		Over \$500,000	1.25%	62.5%
4c(12)	Seasonal Recreational Non-Comm'l (cabins)	First \$500,000	1.00%	50.0%
		Over \$500,000	1.25%	62.5%
4d	Low Income Rental Housing (Per Unit)	First \$139,000	0.75%	37.5%
		Over \$139,000	0.25%	12.5%