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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 3374

March 4, 2010

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to property taxation; limiting the growth in market value for agricultural
1.3 properties; establishing a onetime credit for certain agricultural properties;
1.4 amending Minnesota Statutes 2008, section 273.11, subdivision 1a.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2008, section 273.11, subdivision 1a, is amended to read:

1.7 Subd. 1a. **Limited market value.** (a) In the case of all property classified as
1.8 agricultural ~~homestead or nonhomestead~~ under section 273.13, subdivision 23, paragraph
1.9 (a), (b), or (c), residential homestead or nonhomestead, timber, or noncommercial seasonal
1.10 ~~residential recreational~~, the assessor shall compare the value with the taxable portion of
1.11 the value determined in the preceding assessment.

1.12 ~~For assessment years 2004, 2005, and 2006, the amount of the increase shall not~~
1.13 ~~exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25~~
1.14 ~~percent of the difference between the current assessment and the preceding assessment.~~

1.15 ~~For assessment year 2007, the amount of the increase shall not exceed the greater of~~
1.16 ~~(1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference~~
1.17 ~~between the current assessment and the preceding assessment.~~

1.18 ~~For assessment year 2008, the amount of the increase shall not exceed the greater of~~
1.19 ~~(1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference~~
1.20 ~~between the current assessment and the preceding assessment.~~

1.21 (b) For assessment year 2010, the amount of increase shall not exceed the greater
1.22 of (1) 20 percent of the value of the 2008 assessment, or (2) 33 percent of the difference
1.23 between the 2010 assessment and the 2008 assessment.

2.1 (c) For assessment years 2011, 2012, and 2013, the amount of the increase shall not
 2.2 exceed (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the
 2.3 difference between the current assessment and the preceding assessment.

2.4 (d) For assessment year 2014, the amount of the increase shall not exceed (1) 15
 2.5 percent of the value of the preceding year, or (2) 50 percent of the difference between the
 2.6 current assessment and the preceding assessment.

2.7 ~~This limitation~~ (e) The limitations in this subdivision shall not apply to increases
 2.8 in value due to improvements. For purposes of this subdivision, the term "assessment"
 2.9 means the value prior to any exclusion under subdivision 16.

2.10 The provisions of this subdivision shall be in effect through assessment year ~~2008~~
 2.11 2014 as provided in this subdivision.

2.12 For purposes of the assessment/sales ratio study conducted under section 127A.48,
 2.13 and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A,
 2.14 126C, 127A, and 477A, market values and net tax capacities determined under this
 2.15 subdivision and subdivision 16, shall be used.

2.16 **EFFECTIVE DATE.** This section is effective beginning with the 2010 assessment.

2.17 **Sec. 2. 2011 SUPPLEMENTAL AGRICULTURAL CREDIT.**

2.18 Subdivision 1. **Eligibility.** Any property that is enrolled under Minnesota Statutes,
 2.19 section 273.111, for taxes payable in 2009 and 2010, and that is under the same ownership
 2.20 for taxes payable in 2009, 2010, and 2011, is eligible for a credit for taxes payable in 2011,
 2.21 provided that the taxes on the property payable in 2010 exceed the taxes on the property
 2.22 payable in 2009 by at least 25 percent. In the case of agricultural homestead property, the
 2.23 portion of the property consisting of the house, garage, and surrounding one acre of land is
 2.24 not eligible for the credit under this section.

2.25 Subd. 2. **Amount.** The amount of the credit is the amount by which the net taxes
 2.26 payable in 2010 exceed the net taxes payable in 2009 by more than 25 percent. The credit
 2.27 may not exceed the net tax liability on the property for taxes payable in 2011. For taxes
 2.28 payable in 2011 only, the auditor must reduce the property tax of each eligible property by
 2.29 the amount of the credit.

2.30 Subd. 3. **Settlement.** When the county auditor issues settlement payments to the
 2.31 taxing jurisdictions within the county, the settlements shall reflect the tax liability before
 2.32 subtraction of the credit under this section.

2.33 Subd. 4. **Special levy.** For taxes payable in 2011, the county may levy an amount
 2.34 equal to its credit obligation determined under this section. This levy is in addition to all
 2.35 levies otherwise authorized under Minnesota Statutes, sections 275.70 to 275.74.

3.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 only.