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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 3041

04/30/2012 Authored by Westrom
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to property taxation; limiting the amount that a property's value can increase from the previous year; providing a small business targeted property tax refund; amending Minnesota Statutes 2010, sections 273.11, subdivision 1a; 290A.02; 290A.03, by adding a subdivision; 290A.04, by adding a subdivision; 290A.23, subdivision 3.

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

Section 1. Minnesota Statutes 2010, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. **Limited market value.** (a) In the case of all property classified as agricultural homestead or nonhomestead, rural vacant land, residential homestead or nonhomestead, ~~timber~~ managed forest land, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

~~(b) For assessment years 2004, 2005, and 2006, The amount of the increase shall not exceed the greater of (1) 15 10 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.~~

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

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

(c) This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

2.1 ~~The provisions of this subdivision shall be in effect through assessment year 2008~~
 2.2 ~~as provided in this subdivision.~~

2.3 ~~For purposes of the assessment/sales ratio study conducted under section 127A.48,~~
 2.4 ~~and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A,~~
 2.5 ~~126C, 127A, and 477A, market values and net tax capacities determined under this~~
 2.6 ~~subdivision and subdivision 16, shall be used.~~

2.7 **EFFECTIVE DATE.** This section is effective for assessment year 2013 and
 2.8 thereafter.

2.9 Sec. 2. Minnesota Statutes 2010, section 290A.02, is amended to read:

2.10 **290A.02 PURPOSE.**

2.11 The purpose of this chapter is to provide property tax relief to certain persons who
 2.12 own or rent their homesteads or who are small business persons.

2.13 Sec. 3. Minnesota Statutes 2010, section 290A.03, is amended by adding a subdivision
 2.14 to read:

2.15 Subd. 16. **Small business property.** "Small business property" means (1) an
 2.16 agricultural homestead under section 273.13, subdivision 23, limited to the amount
 2.17 of market value in the first tier as certified under section 273.11, subdivision 23, and
 2.18 excluding the value of the house, garage, and surrounding one acre of land, or (2) a
 2.19 commercial-industrial property under section 273.13, subdivision 24, limited to the
 2.20 amount of market value in the first tier as defined under that subdivision.

2.21 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
 2.22 payable in 2014 and thereafter.

2.23 Sec. 4. Minnesota Statutes 2010, section 290A.04, is amended by adding a subdivision
 2.24 to read:

2.25 Subd. 2k. **Small business targeted refund.** (a) If the gross property taxes payable
 2.26 on a small business property increase more than 12 percent over the property taxes payable
 2.27 in the prior year on the same property that is owned by the same owner on January 2 of
 2.28 both years, and the amount of that increase is \$100 or more, a claimant shall be allowed a
 2.29 refund equal to 50 percent of the amount of the increase over the greater of 12 percent of
 2.30 the prior year's property taxes payable or \$100. This subdivision shall not apply to any
 2.31 increase in the gross property taxes payable attributable to improvements made to the
 2.32 property after the assessment date for the prior year's taxes.

3.1 (b) The maximum refund allowed under this subdivision is \$1,000 for each small
3.2 business property.

3.3 (c) In addition to the other proofs required by this chapter, each claimant under
3.4 this subdivision shall file with the property tax refund return a copy of the property tax
3.5 statement for taxes payable in the preceding year or other documents required by the
3.6 commissioner.

3.7 (d) For the purposes of this subdivision, "claimant" means any person or entity that
3.8 is the owner of a small business property located in Minnesota.

3.9 (e) The limitation under section 290A.08 does not apply to refunds authorized under
3.10 this subdivision.

3.11 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
3.12 payable in 2014 and thereafter.

3.13 Sec. 5. Minnesota Statutes 2010, section 290A.23, subdivision 3, is amended to read:

3.14 Subd. 3. **Annual appropriation.** For payments made after July 1, 1996, there is
3.15 annually appropriated from the general fund to the commissioner of revenue the amount
3.16 necessary to make the payments required under section 290A.04, subdivisions 2, ~~and~~
3.17 2h, and 2k.

3.18 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
3.19 payable in 2014 and thereafter.