

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 1166

(SENATE AUTHORS: EICHORN, Farnsworth, Coleman, Duckworth and Draheim)
DATE 02/02/2023 D-PG 599 OFFICIAL STATUS Introduction and first reading Referred to Taxes

1.1 A bill for an act
1.2 relating to taxation; property; limiting valuation increase on residential properties;
1.3 modifying property tax rates; amending Minnesota Statutes 2022, sections 273.11,
1.4 by adding a subdivision; 275.08, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2022, section 273.11, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 24. 2023 limited residential market value. (a) In the case of all property classified
1.9 as agricultural homestead or nonhomestead and residential homestead or nonhomestead,
1.10 the assessor shall compare the value with the taxable portion of the value determined in the
1.11 preceding assessment. For assessment year 2023 and thereafter, the amount of the increase
1.12 shall not exceed two percent of the value in the preceding assessment.

1.13 (b) When property in paragraph (a) is sold, a county assessor may reassess the residential
1.14 property at the current fair market value for the property.

1.15 (c) The limitation in paragraph (a) shall not apply to increases in value due to
1.16 improvements. For purposes of this subdivision, "assessment" means the value prior to any
1.17 exclusion under subdivision 16.

1.18 EFFECTIVE DATE. This section is effective retroactively for assessment year 2023
1.19 and thereafter.

2.1 Sec. 2. Minnesota Statutes 2022, section 275.08, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 5. Residential property tax adjustment. Before the county auditor spreads the
2.4 taxes, when calculating the net tax capacity and local tax rates, the county auditor shall
2.5 adjust the amounts for parcels classified as agricultural homestead, agricultural
2.6 nonhomestead, residential homestead, and residential nonhomestead so that the property
2.7 tax for each parcel is limited to one percent of the current year assessment value for each
2.8 parcel.

2.9 EFFECTIVE DATE. This section is effective for property taxes payable in 2024 and
2.10 thereafter.