

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

S.F. No. 5342

(SENATE AUTHORS: LUCERO)

DATE
04/08/2024

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13533 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; limiting valuation increases for certain homestead
1.3 property; amending Minnesota Statutes 2022, section 273.11, subdivision 1;
1.4 proposing coding for new law in Minnesota Statutes, chapter 273.

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

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

1.7 Subdivision 1. **Generally.** Except as provided in this section, section 273.1113, or section
1.8 273.17, subdivision 1, all property shall be valued at its market value. The market value as
1.9 determined pursuant to this section shall be stated such that any amount under \$100 is
1.10 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.
1.11 In estimating and determining such value, the assessor shall not adopt a lower or different
1.12 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
1.13 adopt as a criterion of value the price for which such property would sell at a forced sale,
1.14 or in the aggregate with all the property in the town or district; but the assessor shall value
1.15 each article or description of property by itself, and at such sum or price as the assessor
1.16 believes the same to be fairly worth in money. The assessor shall take into account the effect
1.17 on the market value of property of environmental factors in the vicinity of the property. In
1.18 assessing any tract or lot of real property, the value of the land, exclusive of structures and
1.19 improvements, shall be determined, and also the value of all structures and improvements
1.20 thereon, and the aggregate value of the property, including all structures and improvements,
1.21 excluding the value of crops growing upon cultivated land. In valuing real property upon
1.22 which there is a mine or quarry, it shall be valued at such price as such property, including
1.23 the mine or quarry, would sell for at a fair, voluntary sale, for cash, if the material being
1.24 mined or quarried is not subject to taxation under section 298.015 and the mine or quarry

2.1 is not exempt from the general property tax under section 298.25. In valuing real property
2.2 which is vacant, platted property shall be assessed as provided in subdivisions 14a and 14c.
2.3 All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or
2.4 273.19, shall be valued at the market value of such property and not at the value of a leasehold
2.5 estate in such property, or at some lesser value than its market value.

2.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025.

2.7 **Sec. 2. [273.1113] LIMITED VALUATION INCREASES FOR HOMESTEAD**
2.8 **PROPERTY.**

2.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
2.10 the meanings given.

2.11 (b) "Current value" means the market value of a property in the assessment year preceding
2.12 the assessment year in which an application is submitted under subdivision 3.

2.13 (c) "Prior property value" means the market value of a property for the assessment year
2.14 in which the valuation treatment under this section expires.

2.15 (d) "Qualified property" means owner-occupied property classified as (1) class 1a or 1b
2.16 under section 273.13, subdivision 22, (2) class 2a under section 273.13, subdivision 23,
2.17 except that only the portion of the property consisting of the house, garage, and immediately
2.18 surrounding one acre of land qualify, or (3) class 4d(2) under section 273.13, subdivision
2.19 25.

2.20 (e) "Valuation treatment" means the limit on market value increases provided under this
2.21 section.

2.22 Subd. 2. **Limit on market value increases.** In the case of qualified property, the assessor
2.23 must compare the market value determined in each assessment year with the market value
2.24 determined in the previous assessment. The amount of the increase, if any, in the current
2.25 assessment must not exceed the lesser of (1) three percent of the market value determined
2.26 in the previous assessment year, or (2) the percentage change from the prior year for the
2.27 most recent publication of the Consumer Price Index for All Urban Consumers published
2.28 by the Bureau of Labor and Statistics. This limitation does not apply to increases in value
2.29 due to improvements.

2.30 Subd. 3. **Portability.** (a) If a property owner receiving the valuation treatment under
2.31 this section no longer receives homestead treatment on a qualified property but instead
2.32 receives homestead treatment on a new qualified property, the valuation of the new qualified
2.33 property is subject to valuation under this subdivision in the assessment year in which

3.1 homestead treatment is established on the new qualified property, provided that the property
3.2 owner submits an application under this subdivision.

3.3 (b) If the current value of the new qualified property exceeds the prior property value
3.4 of the property owner's previous homestead, the value of the new property is equal to the
3.5 quotient of (1) the sum of the current value of the new qualified property plus the prior
3.6 property value of the property owner's previous homestead, divided by (2) two. For
3.7 assessment years thereafter, the property must be valued under this section, until the valuation
3.8 treatment expires.

3.9 (c) If the current value of the new qualified property is less than the prior property value
3.10 of the property owner's previous homestead, the increase in value of the new property for
3.11 the assessment year in which an application is submitted under this subdivision, if any, must
3.12 not exceed the lesser of (1) three percent of the market value determined in the previous
3.13 assessment year, or (2) the percentage change from the prior year for the most recent
3.14 publication of the Consumer Price Index for All Urban Consumers published by the Bureau
3.15 of Labor and Statistics. For assessment years thereafter, the property must be valued under
3.16 this section, until the valuation treatment expires.

3.17 (d) The application under this subdivision for the transfer of the valuation treatment to
3.18 a new property must be in the form and manner determined by the commissioner of revenue.
3.19 Applications must be made available with the application for homestead treatment under
3.20 section 273.124. Applications under this subdivision to transfer the valuation treatment may
3.21 be made within three years of the purchase of the new property, and the valuation calculation
3.22 under paragraphs (b) and (c) apply beginning with the assessment year in which the
3.23 application is made. If no application is made under this subdivision, a qualified property
3.24 must be valued pursuant to subdivision 2.

3.25 Subd. 4. **Expiration.** Once a property is valued under this section, the valuation treatment
3.26 applies until the valuation treatment expires. The valuation treatment under this section
3.27 expires if a property is sold, transferred, or otherwise disposed of, or if the property owner
3.28 no longer qualifies for homestead treatment. When the valuation treatment under this section
3.29 expires, the property that had been receiving the treatment must be valued pursuant to section
3.30 273.11 for the following assessment year, unless the owner of the property in the following
3.31 assessment year qualifies for valuation under subdivision 3.

3.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025.