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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1883

02/25/2014 Authored by Petersburg
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 taxation; property; providing for a limited market value credit for
1.3 agricultural land; appropriating money; amending Minnesota Statutes 2012,
1.4 sections 273.1231, subdivision 6; 273.1393; proposing coding for new law in
1.5 Minnesota Statutes, chapter 273.

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

1.7 Section 1. Minnesota Statutes 2012, section 273.1231, subdivision 6, is amended to read:

1.8 Subd. 6. **Net tax.** "Net tax" means the market value and net tax capacity taxes
1.9 imposed on real and personal property under section 272.01, including the levy under
1.10 section 275.025, after the subtractions listed in section 273.1393, clauses (2) to ~~(9)~~ (10).
1.11 Net tax excludes special assessments regardless of how computed.

1.12 Sec. 2. **[273.1387] LIMITED MARKET VALUE CREDIT; AGRICULTURAL**
1.13 **LAND.**

1.14 Subdivision 1. **Limited market value.** For assessment years 2015 through 2018, for
1.15 all property classified as class 2a, productive agricultural land, or class 2b, rural vacant
1.16 land, the assessor must determine each property's limited market value equal to the lesser
1.17 of its taxable market value or 110 percent of its limited market value in the previous
1.18 assessment year. For assessment year 2014, the limited market value is the lesser of its
1.19 taxable market value or 110 percent of its taxable market value for assessment year 2013.
1.20 Any increase in a property's value due to new construction must be added to the property's
1.21 limited market value as otherwise determined. For any property whose classification has
1.22 changed from the previous year, the limited market value is equal to the taxable market
1.23 value. For agricultural homesteads, the portion of the property consisting of the house,
1.24 garage, and surrounding one acre of land is not subject to the provisions of this section.

2.1 Subd. 2. Tax rate calculations. Tax rates for all taxing jurisdictions shall be
2.2 determined based upon taxable market value without regard to subdivision 1.

2.3 Subd. 3. Credit calculation. For payable years 2015 through 2019, the auditor
2.4 must compute a credit for each parcel of class 2a or 2b property equal to the local net
2.5 tax capacity tax rate multiplied by the difference between the property's taxable market
2.6 value and its limited market value.

2.7 Subd. 4. Credit reimbursements. The county auditor shall determine the tax
2.8 reductions allowed under subdivision 3 within the county for each payable year and shall
2.9 certify that amount to the commissioner of revenue as a part of the abstracts of tax lists
2.10 submitted by the county auditors under section 275.29. Any prior year adjustments
2.11 shall also be certified on the abstracts of tax lists. The commissioner shall review the
2.12 certifications for accuracy, and may make such changes as are deemed necessary, or return
2.13 the certification to the county auditor for correction. The credit under this section must be
2.14 used to proportionately reduce the net tax capacity-based property tax payable to each
2.15 local taxing jurisdiction as provided in section 273.1393.

2.16 Subd. 5. Payment. (a) The commissioner of revenue shall reimburse each local
2.17 taxing jurisdiction, other than school districts, for the tax reductions granted under
2.18 subdivision 3 in two equal installments on October 31 and December 26 of the payable
2.19 year for which the reductions are granted, including in each payment the prior year
2.20 adjustments certified on the abstracts for that payable year. The reimbursements related to
2.21 tax increments shall be issued in one installment each year on December 26.

2.22 (b) The commissioner of revenue shall certify the total amount of the tax reductions
2.23 granted under subdivision 3 for each payable year within each school district to the
2.24 commissioner of education. The commissioner of education shall pay the reimbursement
2.25 amounts to each school district as provided in section 273.1392.

2.26 Subd. 6. Appropriation. An amount sufficient to make the payments required by
2.27 this section to taxing jurisdictions other than school districts is annually appropriated
2.28 from the general fund to the commissioner of revenue. An amount sufficient to make the
2.29 payments required by this section for school districts is annually appropriated from the
2.30 general fund to the commissioner of education.

2.31 EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

2.32 Sec. 3. Minnesota Statutes 2012, section 273.1393, is amended to read:

2.33 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

3.1 Notwithstanding any other provisions to the contrary, "net" property taxes are
3.2 determined by subtracting the credits in the order listed from the gross tax:

3.3 (1) disaster credit as provided in sections 273.1231 to 273.1235;

3.4 (2) powerline credit as provided in section 273.42;

3.5 (3) agricultural preserves credit as provided in section 473H.10;

3.6 (4) enterprise zone credit as provided in section 469.171;

3.7 (5) disparity reduction credit;

3.8 (6) conservation tax credit as provided in section 273.119;

3.9 (7) agricultural credit as provided in section 273.1384;

3.10 (8) limited market value credit as provided in section 273.1387;

3.11 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;

3.12 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and

3.13 ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.

3.14 The combination of all property tax credits must not exceed the gross tax amount.

3.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.