

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 344**

(SENATE AUTHORS: UTKE)

DATE  
01/26/2017

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391 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to taxation; property; requiring property tax credits for overvalued property;  
 1.3 proposing coding for new law in Minnesota Statutes, chapter 274.

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

1.5 Section 1. **[274.132] PROPERTY OVERVALUED.**

1.6 Subdivision 1. **Tax credit.** Notwithstanding any other provision to the contrary, when  
 1.7 the value of a property is reduced by a local, special, or county board of appeal and  
 1.8 equalization, the state board of equalization, an order from the Minnesota Tax Court, or an  
 1.9 abatement to correct an error in valuation, the taxpayer shall receive a tax credit in the  
 1.10 manner prescribed under subdivision 2.

1.11 Subd. 2. **Reduced value tax balance; credit amount.** When the value of property is  
 1.12 reduced as provided in subdivision 1, the assessor shall determine the total accumulated  
 1.13 amount of taxes paid for the prior three years on that property and subtract from that amount  
 1.14 the amount of taxes due for the prior three years under the property's reduced value to obtain  
 1.15 the property's reduced value tax balance. The assessor shall credit the reduced value tax  
 1.16 balance against the taxpayer's succeeding year's property taxes due according to the following  
 1.17 schedule:

1.18 (1) if the reduced value tax balance is less than 25 percent of the current year's total  
 1.19 property taxes due, it shall be credited to the taxpayer in the succeeding year; or

1.20 (2) if the reduced value tax balance is 25 percent or more of the current year's total  
 1.21 property taxes due, it shall be credited to the taxpayer at a rate of 25 percent of the property  
 1.22 taxes due per year until credited in full.

2.1        Subd. 3. **Settlement.** The reduced value tax balance credit calculated under subdivision  
2.2        2 shall reduce the tax payable to each jurisdiction in proportion to the total taxes payable  
2.3        on the property.

2.4        **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
2.5        in 2018.