

# MINNESOTA • REVENUE

April 04, 2013

## PROPERTY TAX Class 4d Limited Market Value

	Yes	No
DOR Administrative Cost/Savings	X	

Department of Revenue  
Analysis of H.F. 1635 (Allen) / S.F. 1520 (Rest) as introduced

	Fund Impact			
	FY2014	FY2015	FY2016	FY2017
	(000's)			
Property Tax Refunds	\$0	(unknown)	(unknown)	(unknown)

Effective for assessment year 2013 and thereafter.

### EXPLANATION OF THE BILL

The bill requires that the taxable market value of class 4d subsidized housing on a per unit basis be less than \$100,000 for assessment year 2013. For subsequent years, the limit is adjusted by the average statewide change in estimated market value of class 4a and 4d apartment property for the previous year, excluding new construction, rounded to the nearest \$1,000. Beginning with assessment year 2014, the commissioner of revenue must certify the new threshold amount by November 1 of the previous year.

### REVENUE ANALYSIS DETAIL

- According to the assessment 2012 parcel file, there are 533 apartment properties that have a per unit average market value greater than \$100,000. An unknown number of these are subsidized 4d properties.
- Property taxes would shift from subsidized housing with a per unit value over \$100,000 to other property types, including homesteads.
- As a result of property taxes shifting onto homesteads, property tax refunds would increase by an unknown amount, beginning in FY 2015.

### PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Decrease	New market value limitation created.
<i>Efficiency &amp; Compliance</i>	Neutral	
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral	
<i>Stability &amp; Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Decrease	Taxes shifted onto non-preferred businesses.
<i>Responsiveness to Economic Conditions</i>	Neutral	

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[www.revenue.state.mn.us/research\\_stats/pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

hf1635(sf1520)\_pt\_2/lam