

HOUSE RESEARCH

Bill Summary

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Subject: Extending the limited market value to all property; makes it permanent

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Overview

Extends limited market value (LMV) to all property and makes LMV permanent. Limits the increase to 12 percent unless the property is sold or transferred; in that case, the increase is limited to 20 percent unless the sale or transfer is to a surviving spouse. Effective for assessment year 2005, payable in 2006 and thereafter.

Section

1 Limited Market Value. Extends LMV to all property and makes LMV permanent.

Under current law, agricultural homestead and nonhomestead, residential homestead and nonhomestead, timber, and noncommercial residential recreational property is subject to LMV. This bill extends the LMV provisions to all other property types, such as apartments, commercial, industrial, public utility, etc.

Repeals the current phase-out schedule. Provides that for assessment year 2005 (taxes payable in 2006) and thereafter, the amount of increase shall not exceed 12 percent of the value in the preceding assessment year unless the property was sold or transferred, in which case the maximum increase is limited to 20 percent of the value in the preceding assessment. Property sold or transferred to a surviving spouse of a deceased owner or to a surviving joint tenant is limited to a 12 percent maximum increase.

The table on the following page is current LMV phaseout schedule.

Current Law		
Assessment Year/ Payable Year	(1) Percentage of previous year's LMV	(2) Percentage of difference between previous year's LMV and current year's EMV
2004/2005	15%	25%
2005/2006	15	33
2006/2007	15	50
2007/2008 and thereafter	LMV repealed	