

HOUSE RESEARCH

Bill Summary

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Subject: Increasing market value credits; restoring market value credit cuts

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Overview

This bill increases the residential and the agricultural market value homestead maximums beginning in taxes payable 2007. It also restores the 2006 market value credit cuts to cities.

Section

- 1 Residential homestead market value credit.** Increases the residential homestead market value credit maximum from \$304 on a \$76,000 market value homestead to \$340 on a \$85,000 market value homestead. This is accomplished by having the same credit rate (0.4%) as in current law and raising the maximum applicable value from \$76,000 to \$85,000. The phase-out rate is unchanged; therefore the value at which the credit zeros out increases from \$413,800 to \$462,800.

Effective for taxes payable in 2007 and thereafter.
- 2 Agricultural homestead market value credit.** Increases the agricultural homestead market value credit rate from 0.3 percent to 0.4 percent on the first \$115,000 market value, with a corresponding increase in the maximum credit from \$345 to \$460. The phase-out rate and limit are unchanged, so that the minimum credit (for farms valued over \$345,000) increases to \$345.

Effective for taxes payable in 2007 and thereafter.
- 3 Market value credit cuts.** Restores the 2006 cuts to city market value credit

Section

reimbursements payments.

Effective the day following final enactment.