

File Number: H.F. 248
Version: As introduced

Date: January 23, 2017

Authors: Green

Subject: Tax credit for overvalued property

Analyst: Christopher Kleman (christopher.kleman@house.mn)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

HF 248 creates a property tax credit payable in succeeding taxes payable years when the value of a property has been reduced by a board of appeals and equalization, the state board of equalization, an order from the tax court, or an abatement. The credit is determined by calculating the difference between the amount of tax that would have been paid over the prior three years under the reduced value compared to the amount of tax that was actually paid.

Section

1 **Property overvalued.** Creates a new section of law that provides a property tax credit in the following taxes payable years.

Subd. 1. Tax Credit. Provides that when the value of a property is reduced due to a successful appeal of the valuation, the taxpayer is entitled to a tax credit.

Subd. 2. Reduced value tax balance; credit amount. Determines the amount of the tax credit by calculating the difference between the amount of tax that would have been due under the reduced value and the amount that was actually paid. Requires that if the amount of the credit is less than 25% of the current amount of tax payable in the current year, the entire amount of the credit must be given to the taxpayer in the next taxes payable year. If the amount of the credit is 25% or more of the current tax payable, the amount of the credit given in each succeeding year is 25% of the tax payable in each year until the amount of the tax credit is zero.

Subd. 3. Settlement. Provides that the credit reduces the amount of tax payable to each taxing jurisdiction by a proportionate amount.