

Tom Bottem, Director

Minnesota Senate Building
95 University Ave. W. Suite 3300
ST. PAUL, MN 55155-1800
(651) 296-4791
www.senate.mn/scrfa

S.F. No. 2233 – Modifying First Tier Valuation Limit for Agricultural Homestead Property

Author: Senator Bill Weber

Prepared by: Eric Silvia, Senate Counsel (651/296-1771)

Date: April 5, 2021

SF 2233 sets the first-tier limit for agricultural homestead property for assessment year 2022 at \$2,000,000. Beginning with assessment year 2023, the limit is annually adjusted by the Department of Revenue pursuant to current law.

The house, garage, and surrounding one acre of an agricultural homestead has a class rate of 1.00 percent for the first \$500,000 of market value, and 1.25 percent on any remaining market value. The remainder of the agricultural homestead farm property is divided into two tiers, with the first tier receiving a class rate of 0.50 percent and the remaining market value receiving a class rate of 1.00 percent. The Department of Revenue each year determines the first-tier valuation limit, rounded to the nearest \$10,000. The limit is the product of: (1) the first-tier limit in the preceding year; and (2) the ratio of the statewide average taxable market value of agricultural property per acre in the preceding year to that of the second preceding assessment year.

Effective beginning with assessment year 2022 and thereafter.

The first-year valuation limit for the last five assessment years is as follows:

<u>Assessment Year</u>	<u>First-Tier Valuation Limit</u>
2021	\$1,890,000
2020	\$1,900,000
2019	\$1,880,000
2018	\$1,900,000
2017	\$1,940,000
2016	\$2,050,000