

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. 316 – Modifying Classification Rate for Class 4d Low-Income Rental Properties

Author: Senator David H. Senjem

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

Date: February 1, 2021

SF 316 sets the classification rate for Class 4d qualifying low-income rental properties at 0.25%. Under current law, class 4d properties are subject to two valuation tiers per rental unit: a class rate of 0.75% on the first-tier amount and a class rate of 0.25% on the value exceeding the first-tier amount. The first-tier limit was set at \$100,000 for assessment year 2014. Each year thereafter, the first-tier limit is adjusted by the average statewide change in estimated market value of property classified as 4d and 4a (apartments), excluding any changes due to improvements. For assessment year 2021, the first-tier limit is \$174,000. **Effective** beginning with taxes payable in 2020. A history of the first-tier valuation limit is as follows:

<u>Assessment Year</u>	<u>First-Tier Valuation Limit</u>
2021	\$174,000
2020	\$162,000
2019	\$150,000
2018	\$139,000
2017	\$121,000
2016	\$115,000
2015	\$106,000
2014	\$100,000