

State of Minnesota

HF XXXX / SF XXXX

A BILL FOR AN ACT

relating to taxation; property; establishing immediate property tax adjustment procedures based on verified market value; requiring retroactive corrections and taxpayer reimbursements with interest; providing for independent appraisal dispute resolution; establishing limitations on reassessment frequency and ownership transfers; proposing coding for new law in Minnesota Statutes.

Section 1. [TITLE.]

This act shall be known as the Property Assessment Tax Act.

Section 2. [PURPOSE AND INTENT.]

Subdivision 1. Purpose.

The purpose of this act is to:

1. ensure property taxes reflect accurate and current market value;
2. eliminate delays in correcting overassessed property values;
3. protect homeowners from overpayment due to outdated or inflated assessments;
4. simplify the property tax correction process;
5. establish a fair, transparent, and verifiable system for valuation disputes;
6. reduce congestion in the courts by resolving valuation disputes at the municipal level when sufficient appraisal data is available;
7. provide meaningful financial relief to homeowners by reducing property tax burdens, potentially saving hundreds to thousands of dollars annually;
8. lower monthly housing costs for homeowners with mortgages and allow savings to be redirected toward everyday expenses such as fuel, vehicle registration (car tabs), utilities, and household needs.

Section 3. [DEFINITIONS.]

Subdivision 1. "Homeowner."

A legal property owner of record for a residential property in the State of Minnesota.

Subdivision 2. "City appraisal."

An official property valuation conducted by a licensed assessor or appraiser acting on behalf of a municipality.

Subdivision 3. "Independent appraisal."

A property valuation conducted by a Minnesota state-licensed appraiser not affiliated with the municipality.

Subdivision 4. "Filing date."

The official date on which a homeowner submits a completed property reassessment request.

Section 4. [PROPERTY TAX ADJUSTMENT PROCESS.]

Subdivision 1. Filing for reassessment.

A homeowner may file a formal request for reassessment of their property value with the municipality, including in person at a designated city facility where assistance is available to complete the required paperwork.

A homeowner may file for reassessment no more than once every 10 years, except in cases where:

- significant renovation, structural change, or modification has occurred; and
- the homeowner reasonably believes such changes have resulted in a substantial decrease in property value.

Subdivision 2. Mandatory city appraisal.

Upon receipt of a valid request, the city must:

- conduct an official appraisal;
- use a licensed appraiser or certified assessor;
- document and provide findings to the homeowner.

Subdivision 3. Acknowledgment of filing.

The municipality shall provide confirmation of receipt of the reassessment request to the homeowner.

Subdivision 4. Transfer of ownership limitations.

1. Prior reassessment limitation.

If a property has undergone reassessment under this act, a subsequent homeowner may not file for reassessment within the same 10-year period, unless qualifying conditions are met.

2. Exception for lower purchase price.

If a new homeowner purchases a property at a price 15 percent or more below the current assessed value, the municipality shall:

- review the purchase price;
- adjust the assessed value accordingly if supported by market conditions.

3. Protection against upward reassessment.

If a property is purchased at a price higher than the current assessed value:

- the municipality shall not increase the assessed value based solely on the purchase price;
- standard reassessment procedures must still be followed.

4. Rental property limitation.

If the property is purchased for rental, investment, or non-owner-occupied purposes:

- the purchase price alone shall not qualify the property for a reduced assessment.

Section 5. [DECREASE IN PROPERTY VALUE.]

Subdivision 1. Immediate adjustment required.

If the city appraisal determines the property value is lower than the current assessed value:

- the municipality shall immediately adjust the property's taxable value;
- the adjustment shall take effect retroactively to the filing date.

Subdivision 2. Mandatory reimbursement.

The municipality shall:

- calculate the difference in taxes paid from the filing date;
- issue a reimbursement to the homeowner for any overpayment.

Subdivision 3. Interest on reimbursement.

Any reimbursement shall include interest at a rate of 3 percent annually, accrued from the filing date, unless excluded under Subdivision 4.

Subdivision 4. Owner-initiated changes and threshold.

1. Eligibility for interest.

If no structural work has been performed within the previous 1 year or reduction is due to wear and tear or market conditions:

- the homeowner shall receive full reimbursement with interest.

2. Recent owner-initiated changes.

If structural work has been performed within the previous 1 year and reduces value by more than 15 percent:

- the adjusted value applies prospectively only;

- no reimbursement shall be issued for prior periods;
- no interest shall be paid.

Section 6. [INCREASE IN PROPERTY VALUE.]

If value is higher:

- no retroactive application;
- applies next tax year.

Section 7. [DISPUTE RESOLUTION PROCESS.]

Subdivision 1. Right to challenge.

Homeowner may submit two independent appraisals.

Subdivision 2. Mutual agreement.

If both parties agree:

- value is recorded and applied.

Subdivision 3. Requirements.

Appraisals must be licensed and independent.

Subdivision 4. Final valuation.

Average of city + two independent appraisals.

Subdivision 5. Legal action.

Homeowner may pursue court action if unresolved.

Section 7A. [VARIANCE REVIEW THRESHOLD.]

Subdivision 1. Trigger threshold.

10 percent variance triggers review.

Subdivision 2. Override.

City may override with documentation.

Subdivision 3. Homeowner rights.

Homeowner may request full review.

Section 8. [TRANSPARENCY AND RECORDKEEPING.]

Maintain records and provide documentation.

Section 9. [LIMITATIONS.]

No adjustments without verified appraisal.

Section 10. [ENFORCEMENT.]

Noncompliance requires correction and reimbursement.

Section 11. [SEVERABILITY.]

Invalid provisions do not affect remainder.

Section 12. [EFFECTIVE DATE.]

Effective January 1 following enactment.