

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 4. Minnesota Statutes, 1977 Supplement, Section 298.293, is amended to read:

298.293 DECLARATION OF EMERGENCY; EXPENDING FUNDS. The funds provided by section 298.28, subdivision 1, clause (9), relating to the northeast Minnesota economic protection fund shall not be expended prior to (a) a declaration by the governor to the effect that the economic situation of northeast Minnesota requires remedial action by the legislature as a result of a decline in mineral-related activities, and (b) an appropriation of the funds by the legislature. The governor shall recommend to the legislature those measures that he believes will be appropriate in order to accomplish the purpose of his declaration. The funds provided by this fund may be spent only in those areas that are tax relief areas as defined in section 273.134. The funds provided by section 298.28, subdivision 1, clause (9), for this fund shall not be expended for this purpose prior to January 1, 2002. If during any year the taconite property tax account under sections 273.134 to 273.136 does not contain sufficient funds to pay the property tax relief specified in Laws 1977, Chapter 423, Article X, Section 4, there is appropriated from this fund to the relief account sufficient funds to pay the relief specified in Laws 1977, Chapter 423, Article X, Section 4.

Sec. 5. EFFECTIVE DATE. Section 1 is effective for taxable years beginning after December 31, 1973. Section 2 is effective for claims based on rent paid in 1979 and subsequent years and property taxes payable in 1980 and subsequent years. Section 3 is effective July 1, 1978. Section 4 is effective for property taxes payable in 1979 and subsequent years.

Approved March 31, 1978.

CHAPTER 722-H.F.No.1931

An act relating to agriculture; corporate farming; providing new definitions; declaring the desirability of family farm stability; amending Minnesota Statutes 1976, Sections 268.04, Subdivision 31; 308.11; 500.24; and Minnesota Statutes, 1977 Supplement, Section 176.041, Subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 500.24, is amended to read:

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500.24 CORPORATE FARMING. Subdivision 1. **PURPOSE.** The legislature finds that it is in the interests of the state to encourage and protect the family farm as a basic economic unit, to insure it as the most socially desirable mode of agricultural production, and to enhance and promote the stability and well-being of rural society in Minnesota and the nuclear family.

Subd. 2. DEFINITIONS. For the purposes of this section, the terms defined in this subdivision have the meanings here given them:

(a) "Farming" means the ~~cultivation of land for the~~ production of (1) agricultural ~~products;~~ (2) livestock or livestock products; (3) ~~poultry or poultry products;~~ (4) (3) milk or ~~dairy~~ milk products; or (5) (4) fruit or other horticultural products. It does not include the processing, refining or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It shall not include the production of timber or forest products; nor shall it include a contract whereby a processor or distributor of farm products or supplies provides spraying, harvesting or other farm services or the production of poultry or poultry products.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

(1) Its shareholders do not exceed five in number;

(2) All its shareholders, other than any estate are natural persons;

(3) It does not have more than one class of shares; and

(4) Its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts; and

(5) A majority of the shareholders must be residing on the farm or actively engaging in farming.

(e) "Agricultural land" means land used for farming.

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Subd. 2 3. **FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.** After May 20, 1973, no corporation shall engage in farming; nor shall any corporation, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions provided in this subdivision shall not apply to the following:

(a) A bona fide encumbrance taken for purposes of security;

(b) A family farm corporation or an authorized farm corporation as defined in subdivision 4 2;

(c) Agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973 including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, measured in acres, in any five year period, and including additional ownership reasonably necessary to meet the requirements of pollution control regulations;

(d) Agricultural land operated for research or experimental purposes, provided that any commercial sales from such farm shall be incidental to the research or experimental objectives of the corporation;

(e) Agricultural land operated by a corporation for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;

(f) Agricultural land and land capable of being used for farming leased by a corporation in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973 and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973 in any five year period, and the additional acreage reasonably necessary to meet the requirements of pollution control regulations;

(g) Agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious or charitable non-profit corporation; provided that all lands so acquired which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

(h) Agricultural land acquired by a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 4 2, for which the corporation has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A corporation may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family

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farm unit, a family farm corporation or an authorized farm corporation, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, 42 U.S.C. 3901-3914) as amended, or a subsidiary or assign of such a corporation;

(i) Agricultural lands acquired by a corporation by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten year period except under a lease to a family farm unit, a family farm corporation or an authorized farm corporation. The aforementioned ten year limitation period shall be deemed a covenant running with the title to the land against any corporate grantee or assignee or the successor of such corporation;

(j) Agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, Chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, or a family farm corporation;

(k) Agricultural land, either leased or owned, totaling no more than 2700 acres, acquired after May 20, 1973 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2000 acres of asparagus production;

(l) All agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, Section 500.24, Subdivision 1, Clause (d) but which does not qualify as an authorized farm corporation as defined in subdivision 1, clause (d);

(m) A corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) Agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of subdivision 2 3 under the provisions of Laws 1973, Chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975 in any five year period and the additional ownership reasonably necessary to meet requirements of pollution control regulations.

(o) Agricultural land owned or leased by a corporation prior to the effective date of this act, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on the effective date of this act and the additional ownership reasonably necessary to meet requirements of pollution control regulations, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, Chapter 324, Section 1,

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Subdivision 2.

Subd. 3 4. **REPORTS.** (a) Every corporation which holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information:

(1) The name of the corporation and its place of incorporation;

(2) The address of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation, the address of its principal office in its place of incorporation;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, shareholders owning more than 10 percent of the stock, including the percent of stock owned by each such shareholder and the members of the board of directors of the corporation; and

(5) The farm products which the corporation produces or intends to produce on its agricultural land.

The report of a corporation seeking to qualify hereunder as a family farm corporation or an authorized farm corporation shall contain the following additional information: The number of shares owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information *required in clause (a), based on its operations in the preceding calendar year and its status at the end of such year*; provided that every corporation not engaged in farming on August 1, 1975, but engaged in activities described in clause (a) shall file the first required report prior to September 15, 1975.

(c) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

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Subd. 4 ~~5~~. **ENFORCEMENT.** If the attorney general has reason to believe that a corporation is violating subdivision ~~2~~ 3, he shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision ~~2~~ 3, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion of said lands are located. Thereafter, the corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five year limitation period shall be deemed a covenant running with the title to the land against any corporate grantee or assignee or the successor of such corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Sec. 2. Minnesota Statutes, 1977 Supplement, Section 176.041, Subdivision 1, is amended to read:

176.041 EXCLUDED EMPLOYMENTS; APPLICATION, EXCEPTIONS.
 Subdivision 1. **EMPLOYMENTS EXCLUDED.** This chapter does not apply to persons employed by any common carrier by railroad engaged in interstate or foreign commerce, which persons are covered by the Federal Employers' Liability Act (45 U.S.C. 51-60) or other comparable federal law; persons employed by family farms as defined by section 176.011, subdivision 11a, spouses, parents and children, regardless of their age, of a farmer employer working for him; partners engaged in any farm operation and the spouses, parents, and children, regardless of age, of any of the partners; an executive officer of a family farm corporation; any spouse, parent, or child, regardless of age, of an executive officer of a family farm corporation as defined in section 500.24, subdivision ~~4~~ 2, employed by that family farm corporation; or other farmers or members of their families exchanging work with the farmer employer or family farm corporation operator in the same community, or persons whose employment at the time of the injury is casual, and not in the usual course of the trade, business, profession, or occupation of his employer; nor does it apply to officers or members of veteran's organizations whose employment relationship arises solely by virtue of attending meetings or conventions of their organization, unless such veteran's organizations elect by resolution to provide coverage under this chapter for such officers or members. Neither shall the chapter apply to any person employed as a household worker in, for, or about, a private home or household who earns less than \$500 in cash in any three month period from a single private home or household provided that any household worker who has earned \$500 or more from his present employer in any three month period within the previous year shall be covered by Laws 1975, Chapter 359 regardless of whether or not he has in the present quarter earned \$500. This chapter does not apply to those persons employed by a corporation where those persons are related by blood or marriage, within the third degree of kindred according to the rules of civil law, to all of the officers of the corporation, and if the

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corporation files a written election with the commissioner of labor and industry to have those persons excluded from this chapter. This chapter does not apply to a nonprofit association which does not pay more than \$500 in salary or wages in a year.

Sec. 3. Minnesota Statutes 1976, Section 268.04, Subdivision 31, is amended to read:

Subd. 31. "Family farm corporation" has the meaning given to it in section 500.24, subdivision + 2.

Sec. 4. Minnesota Statutes 1976, Section 308.11, is amended to read:

308.11 **DIRECTORS; OFFICERS.** Every cooperative association organized under sections 308.05 to 308.18 shall be governed by a board of not less than five directors, who shall be members of the association. If any member of an association is a family farm corporation within the meaning of section 500.24, subdivision + 2, clause (c), or an authorized farm corporation within the meaning of section 500.24, subdivision + 2, clause (d), the member may elect or appoint any one stockholder of such corporation residing on or actively operating the farm who shall be eligible for election to the board of directors. If any member of an association be other than a natural person, family farm corporation, or an authorized farm corporation, and if the bylaws of the association do not provide otherwise, the member may appoint or elect one or, in the case of associations wholly constituted of other cooperative associations, one or more natural persons who shall be eligible for election to the board of directors. Directors shall be elected for the term, at the time, and in the manner provided in sections 308.05 to 308.18 and the bylaws of the association. The directors shall elect from their number a president and one or more vice-presidents. They shall also elect a secretary and a treasurer, who need not be directors or stockholders. The offices of secretary and treasurer may be combined and when so combined the person filling the office shall be termed secretary-treasurer. If the bylaws so provide, the board of directors may also elect from their number a chairman and one or more vice-chairmen, and in such case the president and vice-presidents need not be directors or stockholders. The board of directors may also elect such additional officers as the articles or bylaws may authorize or require, and unless otherwise required by the articles or bylaws, said additional officers need not be directors or stockholders. The stockholders shall have the power, at any regular or special stockholders' meeting regularly called in the manner above provided, to remove any director or officer for cause and to fill the vacancy caused by such removal.

Approved April 4, 1978.

CHAPTER 723-S.F.No.65

[Coded in Part]

An act relating to crimes; establishing a commission on sentencing guidelines; prescribing its membership, duties and powers; requiring the promulgation of sentencing guidelines; prescribing the use of the guidelines; establishing procedures for the management

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