

273.114 RURAL PRESERVE PROPERTY TAX PROGRAM.

Subdivision 1. **Definitions.** (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Conservation assessment plan" means a written document approved by the soil and water conservation district providing a framework for site-specific healthy, productive, and sustainable conservation resources. A conservation assessment plan must include at least the following:

- (1) conservation goals for the land;
- (2) a United States Department of Agriculture field map;
- (3) a description of the soil type and quality;
- (4) an aerial photo or map of the vegetation and other natural features of the land clearly indicating the boundaries of the conservation land;
- (5) the proposed future conditions of the land;
- (6) prescriptions to meet proposed future conditions of the land;
- (7) a recommended timetable for implementing the prescribed practices; and
- (8) a legal description of the land encompassing the parcels included in the plan.

(c) The Board of Water and Soil Resources shall develop and distribute guidance for conservation assessment plan preparation and approval.

(d) The commissioner of revenue is the final arbiter of disputes arising over plan approvals.

Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to valuation and tax deferment under this section if:

- (1) the land consists of at least ten acres;
- (2) a conservation assessment plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is subject to valuation and deferment under this section;
- (3) the land must be enrolled for a minimum of eight years;
- (4) there are no delinquent property taxes on the land; and
- (5) the property is not also enrolled for valuation and deferment under section 273.111 or 273.112, or chapter 290C or 473H.

Subd. 3. **Determination of value.** Notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any real estate that qualifies under subdivision 2 must, upon timely application by the owner in the manner provided in subdivision 5, not exceed the value prescribed by the commissioner of revenue for class 2a tillable property in that county. The house and garage, if any, and the immediately surrounding one acre of land and a minor, ancillary nonresidential structure, if any, shall be valued according to their appropriate value. In determining the value for ad valorem tax purposes, the assessor shall not consider the presence of commercial, industrial, residential, or seasonal recreational land use influences that may affect the value of real estate subject to this section.

Subd. 4. **Separate determination of market value and tax.** The assessor shall make a separate determination of the market value of the real estate based on its highest and best use. The tax based upon that value and the appropriate local tax rate applicable to the property in the taxing district shall be recorded on the property assessment records.

Subd. 5. **Application and covenant agreement.** (a) Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed under this subdivision and granted shall continue in effect for subsequent years until the termination of the covenant agreement under paragraph (b). The application must be filed with the assessor of the taxing district in which the real property is located on the form prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 2.

(b) The owner of the property must sign a covenant agreement that is filed with the county recorder and recorded in the county where the property is located. The covenant agreement must include all of the following:

- (1) legal description of the area to which the covenant applies;
 - (2) name and address of the owner;
 - (3) a statement that the land described in the covenant must be kept as rural preserve land, which meets the requirements of subdivision 2, for the duration of the covenant;
 - (4) a statement that the landowner may terminate the covenant agreement by notifying the county assessor in writing three years in advance of the date of proposed termination, provided that the notice of intent to terminate may not be given at any time before the land has been subject to the covenant for a period of five years;
 - (5) a statement that the covenant is binding on the owner or the owner's successor or assigns and runs with the land; and
 - (6) a witnessed signature of the owner, agreeing by covenant, to maintain the land as described in subdivision 2.
- (c) After a covenant under this section has been terminated, the land that had been subject to the covenant is ineligible for subsequent valuation under this section for a period of three years after the termination.

Subd. 6. **Additional taxes.** Upon termination of a covenant agreement in subdivision 5, paragraph (b), the land to which the covenant applied shall be subject to additional taxes in the amount equal to the difference between the taxes determined in accordance with subdivision 3 and the amount determined under subdivision 4, provided that the amount determined under subdivision 4 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 4. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid and that the additional taxes shall only be levied with respect to the current year plus two prior years that the property has been valued and assessed under this section.

Subd. 7. **Lien.** The additional tax imposed by this section shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed on the property in this state. The tax shall be annually extended by the county auditor and if and when payable shall

be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 8. **Special local assessments.** The payment of special local assessments levied after June 1, 2011, for improvements made to any real property described in subdivision 1 together with the interest thereon shall, on timely application as provided in subdivision 6, be deferred as long as the property meets the conditions contained in this section. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When the property no longer qualifies under subdivision 1, all deferred special assessments plus interest shall be payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. A penalty shall not be levied on these special assessments if timely paid. This subdivision does not apply to special assessments levied at any time by a county or district court under chapter 116A or by a watershed district under chapter 103D.

History: 2009 c 12 art 2 s 5; 2009 c 88 art 2 s 43; 2010 c 389 art 1 s 7-9

NOTE: This section, as added by Laws 2009, chapter 12, article 2, section 5, is effective for deferred taxes payable in 2012, and thereafter. Laws 2009, chapter 12, article 2, section 5, the effective date.