

A bill for an act
relating to taxation; property; making changes to the green acres and rural
preserve programs; amending Minnesota Statutes 2010, sections 273.111,
subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; repealing
Minnesota Statutes 2010, section 273.114, subdivision 1.

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

Section 1. Minnesota Statutes 2010, section 273.111, is amended by adding a
subdivision to read:

Subd. 2a. **Purpose.** The legislature finds that it is in the interest of the state to
encourage and preserve farms by mitigating the property tax impact of increasing land
values due to nonagricultural economic forces.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2010, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** (a) Except as provided in paragraph (b), when real
property which is being, or has been valued and assessed under this section no longer
qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional
taxes, in the amount equal to the difference between the taxes determined in accordance
with subdivision 4, and the amount determined under subdivision 5. Provided, however,
that the amount determined under subdivision 5 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 5. Such additional
taxes shall be extended against the property on the tax list for the current year, provided,
however, that no interest or penalties shall be levied on such additional taxes if timely

paid, and provided further, that such additional taxes shall only be levied with respect to (1) the last three years that the ~~said~~ property has been valued and assessed under this section, for property originally enrolled on or before May 1, 2012, or (2) the last five years that the property has been valued and assessed under this section, for property originally enrolled after May 1, 2012.

(b) Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before August 16, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2010, section 273.114, subdivision 2, is amended to read:

Subd. 2. **Requirements.** Class 2a or 2b property that had been ~~assessed properly~~ classified 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)~~ (2) there are no delinquent property taxes on the land; and

~~(5)~~ (3) the property is not also enrolled for valuation and deferment under section 273.111 or 273.112, or chapter 290C or 473H.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 4. Minnesota Statutes 2010, section 273.114, subdivision 5, is amended to read:

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~~

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~~agreement under paragraph (b) property is transferred or sold, or otherwise removed from the program by the owner. 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.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 273.114, subdivision 6, is amended to read:

Subd. 6. **Additional taxes.** Upon ~~termination of a covenant agreement in subdivision 5, paragraph (b)~~ voluntary withdrawal from the program or termination due to sale or transfer of the property, 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 (1) two prior years that the property has been valued and assessed under this section, for property that had been enrolled under this section or section 273.111 on or before May 1, 2012, or (2) four prior years that the property had been valued and assessed under this section, for all other property.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 6. **LAND REMOVED FROM PROGRAM.**

(a) Any class 2a land that had been properly enrolled in the Minnesota Agricultural Property Tax Law under Minnesota Statutes 2006, section 273.111, and that was removed from the program between May 21, 2008, and the effective date of this section must be reinstated to the program at the request of the owner provided that the request is made prior to September 1, 2011.

(b) Any class 2b land that had been properly enrolled in the Minnesota Agricultural Property Tax Law under Minnesota Statutes, section 273.111, and that was removed from the program between May 21, 2008, and the effective date of this section, and that applies for enrollment in the rural preserve program under Minnesota Statutes, section 273.114, prior to September 1, 2011, shall be regarded as if it had been enrolled under Minnesota Statutes, section 273.111, immediately prior to application for enrollment under Minnesota Statutes, section 273.114.

(c) If additional taxes have been paid by a property owner prior to the effective date of this section with respect to property described in paragraph (a) or (b), as a result of the property being removed from the program authorized under Minnesota Statutes 2006, section 273.111, the county must repay the property owner in the manner prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. **COVENANTS TERMINATED.**

Any covenants entered into in order to comply with the requirements of Minnesota Statutes 2010, section 273.114, subdivision 5, are terminated.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. **STUDY REQUIRED.**

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5.1 The commissioner of revenue, in consultation with the Minnesota Association of
5.2 Assessing Officers, the Department of Applied Economics at the University of Minnesota,
5.3 and representatives of major farm groups within the state of Minnesota, must explore
5.4 alternative methods for determining the taxable value of tillable and nontillable land
5.5 enrolled in the green acres program under Minnesota Statutes, section 273.111, and the
5.6 rural preserves program under Minnesota Statutes, section 273.114. The commissioner
5.7 must make a report to the legislature by February 15, 2012, describing the methodologies
5.8 intended to be used for assessment year 2012 and thereafter.

5.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.10 Sec. 9. **REPEALER.**

5.11 Minnesota Statutes 2010, section 273.114, subdivision 1, is repealed.

5.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: H0012-1

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.