

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 3025

(SENATE AUTHORS: REST)

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03/27/2025

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; modifying the requirements for green acres tax
1.3 deferment; amending Minnesota Statutes 2024, section 273.111, subdivisions 3,
1.4 8, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2024, section 273.111, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 2b. **Definitions.** For the purposes of this section, the following terms have the
1.9 meanings given:

1.10 (1) "southeast karst region" means Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted,
1.11 Wabasha, or Winona County; and

1.12 (2) "nutrient management plan" means a site-specific plan to meet plant needs while
1.13 minimizing nutrient loss to the environment by determining the proper source, method, rate,
1.14 and timing for each application of fertilizer, soil amendment, manure, or other source of
1.15 plant nutrients.

1.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

1.17 Sec. 2. Minnesota Statutes 2024, section 273.111, subdivision 3, is amended to read:

1.18 Subd. 3. **Requirements.** (a) Real estate consisting of ten acres or more or a nursery or
1.19 greenhouse, and qualifying for classification as class 2a under section 273.13, shall be
1.20 entitled to valuation and tax deferment under this section if it is primarily devoted to
1.21 agricultural use, and either:

2.1 (1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner
2.2 or is real estate which is farmed with the real estate which contains the homestead property;
2.3 or

2.4 (2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or
2.5 any combination thereof, for a period of at least seven years prior to application for benefits
2.6 under the provisions of this section, or is real estate which is farmed with the real estate
2.7 which qualifies under this clause and is within four townships or cities or combination
2.8 thereof from the qualifying real estate; or

2.9 (3) is the homestead of an individual who is part of an entity described in paragraph (b),
2.10 clause (1), (2), or (3); or

2.11 (4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor,
2.12 partnership, or corporation which also owns the nursery or greenhouse operations on the
2.13 parcel or parcels, provided that only the acres used to produce nursery stock qualify for
2.14 treatment under this section.

2.15 (b) Valuation of real estate under this section is limited to parcels owned by individuals
2.16 except for:

2.17 (1) a family farm entity or authorized farm entity regulated under section 500.24;

2.18 (2) an entity, not regulated under section 500.24, in which the majority of the members,
2.19 partners, or shareholders are related and at least one of the members, partners, or shareholders
2.20 either resides on the land or actively operates the land; and

2.21 (3) corporations that derive 80 percent or more of their gross receipts from the wholesale
2.22 or retail sale of horticultural or nursery stock.

2.23 The terms in this paragraph have the meanings given in section 500.24, where applicable.

2.24 (c) Land that previously qualified for tax deferment under this section and no longer
2.25 qualifies because it is not primarily used for agricultural purposes but would otherwise
2.26 qualify under Minnesota Statutes 2006, section 273.111, subdivision 3, for a period of at
2.27 least three years will not be required to make payment of the previously deferred taxes,
2.28 notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of
2.29 the three-year period requires payment of deferred taxes as follows: sale in the year the land
2.30 no longer qualifies requires payment of the current year's deferred taxes plus payment of
2.31 deferred taxes for the two prior years; sale during the second year the land no longer qualifies
2.32 requires payment of the current year's deferred taxes plus payment of the deferred taxes for
2.33 the prior year; and sale during the third year the land no longer qualifies requires payment

3.1 of the current year's deferred taxes. Deferred taxes shall be paid even if the land qualifies
 3.2 pursuant to subdivision 11a. When such property is sold or no longer qualifies under this
 3.3 paragraph, or at the end of the three-year period, whichever comes first, all deferred special
 3.4 assessments plus interest are payable in equal installments spread over the time remaining
 3.5 until the last maturity date of the bonds issued to finance the improvement for which the
 3.6 assessments were levied. If the bonds have matured, the deferred special assessments plus
 3.7 interest are payable within 90 days. The provisions of section 429.061, subdivision 2, apply
 3.8 to the collection of these installments. Penalties are not imposed on any such special
 3.9 assessments if timely paid.

3.10 (d) Land that is enrolled in the reinvest in Minnesota program under sections 103F.501
 3.11 to 103F.535, the federal Conservation Reserve Program as contained in Public Law 99-198,
 3.12 or a similar state or federal conservation program qualifies for valuation and assessment
 3.13 deferral under this section if it was in agricultural use before enrollment and, provided that,
 3.14 in the case of land enrolled in the reinvest in Minnesota program, it is not subject to a
 3.15 perpetual easement.

3.16 (e) To qualify for tax deferral under this section after January 1, 2027, land that is
 3.17 located in the southeast karst region must have a nutrient management plan. The board of
 3.18 each soil and water conservation district located in the southeast karst region must annually
 3.19 certify each notification of a nutrient management plan received under subdivision 8 to the
 3.20 county assessor by May 1. A certification of a nutrient management plan is effective for
 3.21 subsequent years until the property no longer qualifies for deferral under this section.

3.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

3.23 Sec. 3. Minnesota Statutes 2024, section 273.111, subdivision 8, is amended to read:

3.24 Subd. 8. **Application.** (a) Application for deferral of taxes and assessment under this
 3.25 section shall be filed by May 1 of the year prior to the year in which the taxes are payable.
 3.26 Any application filed hereunder and granted shall continue in effect for subsequent years
 3.27 until the property no longer qualifies. The application must be filed with the assessor of the
 3.28 taxing district in which the real property is located on the form prescribed by the
 3.29 commissioner of revenue. The assessor may require proof by affidavit or otherwise that the
 3.30 property qualifies under subdivision 3 and may require the applicant to provide a copy of
 3.31 the appropriate schedule or form showing farm income that is attested to by the applicant
 3.32 as having been included in the most recently filed federal income tax return of the applicant.

3.33 (b) Owners of land located in the southeast karst region who file an application for
 3.34 deferral of taxes and assessment under this section must contact the board of the soil and

4.1 water conservation district with jurisdiction over the area in which the land is located to
4.2 notify the board that the land has a current nutrient management plan. The owner must
4.3 submit the nutrient management plan to the board by April 1 in the year prior to the year
4.4 in which the taxes are payable. Any nutrient management plan submitted under this paragraph
4.5 is effective for subsequent years until the property no longer qualifies for deferment or until
4.6 the nutrient management plan changes. The owner must notify the board of any changes to
4.7 the nutrient management plan, including if the land no longer has a nutrient management
4.8 plan.

4.9 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.