

SENATE  
STATE OF MINNESOTA  
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 222

(SENATE AUTHORS: MILLER, Gazelka, Nienow, Skoe and Brown)

DATE	D-PG	OFFICIAL STATUS
02/03/2011	171	Introduction and first reading Referred to Taxes
02/17/2011	253a	Comm report: To pass as amended
	257	Second reading
03/28/2011	768	HF substituted on General Orders HF12 (Non-revisor companion)

A bill for an act  
relating to taxation; modifying the Minnesota rural preserve property tax  
program; amending Minnesota Statutes 2010, section 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 273.114, 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 the day following final enactment.

Sec. 2. 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~~covenant agreement under paragraph (b)~~ property is withdrawn or no longer qualifies.

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. Each application must include the most recent available aerial photograph or satellite image of the property provided by the Farm Service Agency of the United States Department of Agriculture that clearly delineates the land that is to be enrolled. The application form must contain a statement setting forth the consequences to the property owner of termination of qualification of property under the rural preserve program, together with a recommendation that land that is likely to be changed to a nonqualifying use during the period of enrollment should not be included in the application. 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 the day following final enactment.

Sec. 3. 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), the land to which the covenant applied~~ When real property which is being, or has been valued and assessed under this section no longer qualifies

under subdivision 2, 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 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.

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

Sec. 4. **REPEALER.**

Minnesota Statutes 2010, section 273.114, subdivision 1, is repealed.

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