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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2758

03/06/2014 Authored by Wagenius, Bly and Faust  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; providing an agricultural credit for property used  
1.3 for organic farming; amending Minnesota Statutes 2012, section 273.1384,  
1.4 subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

1.7 Subd. 2. **Agricultural homestead market value credit.** (a) Property classified as  
1.8 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible  
1.9 for an agricultural credit. The credit is computed using the property's agricultural credit  
1.10 market value, defined for this purpose as the property's market value excluding the market  
1.11 value of the house, garage, and immediately surrounding one acre of land. The credit is  
1.12 equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value  
1.13 minus .05 percent of the property's agricultural credit market value in excess of \$115,000,  
1.14 subject to a maximum reduction of \$115. In the case of property that is classified as part  
1.15 homestead and part nonhomestead solely because not all the owners occupy or farm the  
1.16 property, not all the owners have qualifying relatives occupying or farming the property,  
1.17 or solely because not all the spouses of owners occupy the property, the credit must  
1.18 be initially computed as if that nonhomestead agricultural land was also classified as  
1.19 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

1.20 (b) Property classified as class 2a under section 273.13, subdivision 23, that is  
1.21 used for organic production as defined in section 31.92, subdivision 3a, is eligible for an  
1.22 agricultural credit equal to \$5 times the number of acres. Land eligible under this paragraph  
1.23 includes land that is farmed by a certified organic producer and land that is subjected to  
1.24 a three-year period of transition from conventional to organic production as required to

2.1 obtain organic certification under federal law, as defined in section 31.92, subdivision 2b.  
2.2 In order to qualify for the credit under this paragraph, an application must be filed with  
2.3 the county assessor by June 30 of the assessment year for taxes payable in the following  
2.4 year. The commissioner of revenue must prescribe the form of the application and the  
2.5 supporting documents that must be submitted with the application. The credit under this  
2.6 paragraph is in addition to any credit for which the property is eligible under paragraph (a).

2.7 (c) In no case shall the credit under paragraphs (a) and (b) exceed the total property  
2.8 tax payable on the agricultural land.

2.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in  
2.10 2015. For taxes payable in 2015 only, the application deadline under Minnesota Statutes,  
2.11 section 273.1384, subdivision 2, paragraph (b), is August 31, 2014.