

(SENATE AUTHORS: DEKRUIF, Pederson, Nelson, Ortman and Koch)

DATE	D-PG	OFFICIAL STATUS
02/10/2011	208	Introduction and first reading Referred to Taxes
02/21/2011	277	Authors added Ortman; Koch

1.1

A bill for an act

1.2

relating to taxation; modifying the Minnesota rural preserve property tax

1.3

program; amending Minnesota Statutes 2010, section 273.114, subdivisions 2, 5,

1.4

6; repealing Minnesota Statutes 2010, section 273.114, subdivision 1.

1.5

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

1.6

Section 1. Minnesota Statutes 2010, section 273.114, subdivision 2, is amended to read:

1.7

Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under

1.8

Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead

1.9

under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to

1.10

valuation and tax deferment under this section if:

1.11

(1) the land consists of at least ten acres;

1.12

~~(2) a conservation assessment plan for the land must be prepared by an approved~~

1.13

~~plan writer and implemented during the period in which the land is subject to valuation~~

1.14

~~and deferment under this section;~~

1.15

~~(3) the land must be enrolled for a minimum of eight years;~~

1.16

~~(4)~~ (2) there are no delinquent property taxes on the land; and

1.17

~~(5)~~ (3) the property is not also enrolled for valuation and deferment under section

1.18

273.111 or 273.112, or chapter 290C or 473H.

1.19

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

1.20

Sec. 2. Minnesota Statutes 2010, section 273.114, subdivision 5, is amended to read:

1.21

Subd. 5. **Application and covenant agreement.** ~~(a)~~ Application for deferment

1.22

of taxes and assessment under this section shall be filed by May 1 of the year prior to

1.23

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~~covenant agreement under paragraph (b)~~ property is withdrawn or no longer qualifies.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

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3.1 or penalties shall be levied on the additional taxes if timely paid and that the additional
3.2 taxes shall only be levied with respect to the current year plus two prior years that the
3.3 property has been valued and assessed under this section.

3.4 Sec. 4. **REPEALER.**

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

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