

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 401

**DATE:** March 15, 1999

**Version:** Delete everything amendment

**Authors:** Mulder

**Subject:** Exempting agricultural homestead property from school district taxes

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### Overview

Exempts agricultural homestead property up to 320 acres from all school district taxes, except for the portion of the tax attributable to the house, garage and surrounding one acre of land, provided that the owner actively farms the property and derives at least \$30,000 in income from farming. Effective beginning taxes payable 2000.

#### 1 **Agricultural property tax credit.**

**Subd. 1. Qualifying property.** Defines qualifying property as the first 320 acres of agricultural homestead property, excluding the house, garage and surrounding one acre of land, provided that: (i) the owner is actively engaged in the day-to-day management of the farm; and (ii) the owner had at least \$30,000 of gross income from farming in the previous year.

**Subd. 2. Tax reduction; nondebt levies.** Provides for a tax reduction on qualifying property equal to the total school district tax, except levies for debt service and for operating referenda approved after February 28, 1999.

**Subd. 3. Tax reduction; debt levies.** Provides for a tax reduction on qualifying property equal to the portion of the tax attributable to the school district debt service levy, excluding levies approved after February 28, 1999.

**Subd. 4. Tax reduction; levy increases.** Provides for a tax reduction on qualifying property equal to the amount, if any, by which the school district tax for the current year exceeds the school district tax for taxes payable in 1999.

**Subd. 5. Certification to commissioner.** Provides for the total amount of reductions to be reported to the commissioner of revenue.

**Subd. 6. State aid.** Provides that the aggregate amount of tax reductions authorized in subdivisions 2, 3 and 4 shall be paid to the districts by the state.

**Subd. 7. Appropriation.** Provides an open and standing appropriation to pay the costs of the credit program contained in this act

2      **Effective date.** Provides that the act is effective beginning with taxes payable in 2000.