

HOUSE RESEARCH

Bill Summary

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Subject: Modifying the Green Acres program

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Overview

H.F. 217 makes a number of modifications to the Minnesota Agricultural Property Tax Law (better known as the “Green Acres” program) and to the classification of agricultural land generally.

- **It allows any land enrolled in Green Acres prior to 2008 to remain in the program indefinitely regardless of ownership, as long as it continues to be in agricultural use under the old (pre-2008) definition.**
- **It allows class 2b rural vacant land that is part of an agricultural homestead to qualify for Green Acres, with some limitations.**
- **It limits eligibility for Green Acres in the future to agricultural property that is homesteaded.**
- **It provides that land enrolled in RIM or CRP or a similar government-sponsored conservation program may be enrolled in Green Acres (as had been the case prior to 2008).**
- **It allows property owners to withdraw some grandfathered rural vacant land from Green Acres without withdrawing all of it.**
- **It eliminates the seven-year payback for rural vacant land grandfathered-in to Green Acres (reverting back to the three-year payback under the old law).**
- **It also expands the 2a agricultural classification by allowing more land and some new uses of land to be considered agricultural.**

Section

- 1 Requirements.** Provides that any land that is part of an agricultural homestead may be enrolled in the Green Acres program, except that if the homestead includes class 2b rural vacant land, and the class 2b acreage exceeds the class 2a acreage, the 2b acres in excess of the 2a acres are not eligible. Limits eligibility for future enrollment to agricultural property that is homesteaded. Requires that a farm must be capable of producing agricultural

products worth at least \$1,000 per year in order to maintain eligibility. Also provides that land enrolled in RIM or CRP or a similar government-sponsored conservation program may be enrolled in Green Acres (as had been the case prior to 2008).

- 2** **Property that no longer qualifies as agricultural under 2008 and 2009 law changes.**
- (a) Allows property classified as rural vacant land to remain in Green Acres indefinitely, including allowing it to be reenrolled after a sale or transfer, provided that it continues to be used for agricultural purposes as defined by the old (pre-2008) definition. Allows a portion of grandfathered-in rural vacant land to be withdrawn without withdrawing all rural vacant land. Eliminates the seven-year payback for rural vacant land grandfathered in under the 2008 changes, so that the payback for all enrolled lands is three years, as it was prior to 2008.
- (b) Allows nonhomestead agricultural land enrolled prior to 2009 to remain in Green Acres indefinitely, including allowing it to be reenrolled after a sale or transfer, provided that it continues to be used for agricultural purposes under the old (pre-2008) definition.
- 3** **Class 2.** Clarifies a provision in the 2008 law regarding land not directly involved in agricultural production by stating that it may be included in class 2a if it would be impractical for the property to be sold separately, and therefore impractical to be valued separately. Also broadens the definition of agricultural products by including commercial boarding of horses and trees sold for timber, lumber, wood or wood products, allowing that property to be eligible for agricultural classification (current law allows property used for the commercial boarding of horses to be eligible only if the boarding is done in conjunction with raising or cultivating other agricultural products).