

HOUSE RESEARCH

Bill Summary

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Overview

H.F. 350 makes the following changes to the Minnesota Agricultural Property Tax Law (better known as the “Green Acres” program):

- allows CRP and RIM land to be enrolled in Green Acres;
- allows any land enrolled in the program prior to 2008 to remain in the program indefinitely if transferred to a family member, as long as it continues to be in agricultural use under the old (pre-2008) definition;
- allows property owners to withdraw a portion of their rural vacant land from Green Acres without withdrawing all of it;
- eliminates the seven-year payback for rural vacant land grandfathered in to the program (reverting to the three-year payback required for all property under the pre-2008 law);
- allows land to be withdrawn from the program prior to January 2, 2010, without any payback;
- broadens the definition of agricultural land to include adjacent land required to be maintained in a nonproductive state due to setback requirements; and
- requires DOR to conduct a study and develop a methodology for determining taxable value for rural vacant land grandfathered in to Green Acres.

Section

- 1 Requirements.** Allows land enrolled in CRP or RIM or similar state or federal conservation programs to be enrolled in Green Acres (as had been the case prior to 2008).
- 2 Property that no longer qualifies as agricultural under 2008 law changes.** This section makes a number of changes to the Green Acres program affecting property that was enrolled in Green Acres prior to the 2008 changes, but that would no longer be eligible to enroll based on the 2008 changes (this is primarily land in the new “rural vacant land”

classification):

- Allows a property owner to withdraw some rural vacant land from the Green Acres program without withdrawing all rural vacant land (on the same parcel) from the program.
- Allows property classified as rural vacant land to remain in Green Acres indefinitely if transferred to a qualified owner, defined as a parent, brother, sister, daughter, or son of the current owner, whether by blood or marriage.
- Allows property classified as rural vacant land to be voluntarily withdrawn from Green Acres prior to January 2, 2010, with no back taxes due (under the 2008 law, the deadline was January 2, 2009, and three years of back taxes were due).
- It also 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.

Effective retroactively to property transfers and program withdrawals occurring after May 1, 2008. (May 1 reflects the application date for enrolling in the program.)

- 3 **Determination of value.** Requires the commissioner of revenue to conduct a study of the relationship between taxable market value and estimated market value for class 2b rural vacant land enrolled in Green Acres across the state, and to develop a uniform methodology for determining taxable value for those properties based on the study. Requires that the study be completed and the methodology developed by December 31, 2009.
- 4 **Class 2.** Expands the definition of agricultural land to include land contiguous to productive agricultural land that is required to be maintained in a nonproductive state under applicable setback or similar requirements.