

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 540
Version: As introduced

DATE: March 16, 2009

Authors: Koenen

Subject: Modifying the Green Acres Program

Analyst: Karen Baker, 651-296-8959
Steve Hinze, 651-296-8956

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

H.F. 540 makes the following changes to the Minnesota Agricultural Property Tax Law (better known as the “Green Acres” program):

- It allows any land enrolled in the program prior to 2008 to remain in the program indefinitely if sold or transferred to an owner’s son or daughter, as long as it continues to qualify under the pre-2008 definition;
- It allows property owners to withdraw a portion of their rural vacant land from the program without withdrawing all of it;
- It allows land that would no longer qualify after the 2008 law (i.e., rural vacant land) to be withdrawn from the program prior to January 2, 2010, without any payback;
- It eliminates the seven-year payback for rural vacant land grandfathered into the program and reverts back to the three-year payback required for all property under the pre-2008 law;
- It modifies and clarifies the definition of class 2a productive agricultural land by requiring the assessor to include certain types of land that are impractical to separate and that are unlikely to be sold separately.

Section

- 1 Property no longer eligible for deferment.** Allows property owners to withdraw a portion of their rural vacant land from the program without withdrawing all of it. Also, eliminates the seven-year payback for rural vacant land grandfathered in under the 2008 law changes, so that all of the enrolled lands is a three-year payback, as it was prior to 2008, except it provides an opportunity for property owners to withdraw any of their rural vacant land before January 1, 2010, without any additional taxes (see section 2). Lastly it allows rural vacant land to remain in Green Acres indefinitely if sold or transferred to a son or daughter of the owner. Effective the day following final enactment.

- 2 **Additional taxes.** Provides that if property that was in the program prior to the 2008 law changes but no longer qualifies due to those 2008 changes (i.e., class 2b, rural vacant land), is removed from the program prior to January 1, 2010, that property is not subject to additional taxes. Effective the day following final enactment.

- 3 **Class 2.** Modifies and further clarifies the definition of class 2a by stating that assessors “must” include (rather than “may” include) property that otherwise would be classified as class 2b, except that it is impractical for the assessor to value separately from the rest of the property or that is unlikely to be sold separately. This includes items such as sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles. Effective for assessment year 2010, taxes payable in 2011 and thereafter.