

HOUSE RESEARCH

Bill Summary

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Subject: Study of agricultural valuation based on production value

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H.F. 2260 requires the commissioner of agriculture and the commissioner of revenue to jointly study the possibility of valuing agricultural property based on its production value. Among other things, the study is required to:

- assess the availability and accuracy of data sources necessary to determine values based on production value;
- analyze the potential impacts of such a system on other types of property and on local taxing jurisdictions;
- compare production-based agricultural values to agricultural values currently in use, and predict how the differences in value might change in future years;
- analyze volatility of land values under a production-value system;
- analyze and recommend how a production-value system would be administered;
- identify other states that have adopted production value-based systems, and describe their implementation; and
- identify any other viable alternatives to market value and production value.

The commissioners are required to seek input from the University of Minnesota College of Food, Agricultural, and Natural Resources Sciences in conducting the study.

The commissioners are required to seek involvement of stakeholder groups including assessors and farmers.

The study is required to be completed by February 1, 2018. \$100,000 is appropriated from the general fund to the commissioner of revenue to conduct the study.