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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 696

02/09/2015 Authored by Bly
The bill was read for the first time and referred to the Committee on Agriculture Policy

1.1 A bill for an act
1.2 relating to agriculture; requiring the commissioner of agriculture to facilitate
1.3 creation of an organic agriculture production and demonstration zone; providing
1.4 a property tax credit for property within the zone; amending Minnesota Statutes
1.5 2014, section 273.1384, subdivision 2; proposing coding for new law in
1.6 Minnesota Statutes, chapter 17.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. [17.1165] ORGANIC AGRICULTURE PRODUCTION AND
1.9 DEMONSTRATION ZONE.

1.10 (a) The commissioner of agriculture, in consultation with interested parties, must
1.11 solicit proposals for the acquisition or dedication of a large tract of land zoned for
1.12 agricultural purposes to serve as an organic agriculture production and demonstration
1.13 zone. The zone must be of sufficient size to buffer organic agricultural production on site
1.14 from conventional agricultural production on adjacent parcels and to demonstrate on a
1.15 commercial scale the production of nontraditional crops and the incorporation of cover
1.16 crops.

1.17 (b) Once the commissioner selects a proposal, the commissioner must assist
1.18 the proposer with acquisition of the property, recruitment of agricultural producers,
1.19 acquisition of adequate crop insurance for participating producers, and the development of
1.20 markets for the nontraditional crops and cover crops grown in the zone.

1.21 (c) No later than January 15 each year, the commissioner must report activities and
1.22 outcomes under this section to the legislative committees with jurisdiction over agriculture
1.23 policy and finance.

1.24 Sec. 2. Minnesota Statutes 2014, section 273.1384, subdivision 2, is amended to read:

2.1 Subd. 2. **Agricultural homestead market value credit.** (a) Property classified as
2.2 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible
2.3 for an agricultural credit. The credit is computed using the property's agricultural credit
2.4 market value, defined for this purpose as the property's market value excluding the market
2.5 value of the house, garage, and immediately surrounding one acre of land. The credit
2.6 is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market
2.7 value plus 0.1 percent of the property's agricultural credit market value in excess of
2.8 \$115,000, subject to a maximum credit of \$490. In the case of property that is classified
2.9 as part homestead and part nonhomestead solely because not all the owners occupy or
2.10 farm the property, not all the owners have qualifying relatives occupying or farming the
2.11 property, or solely because not all the spouses of owners occupy the property, the credit
2.12 must be initially computed as if that nonhomestead agricultural land was also classified as
2.13 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

2.14 (b) Property classified as class 2a under section 273.13, subdivision 23, that is
2.15 used for organic production as defined in section 31.92, subdivision 3a, is eligible for an
2.16 agricultural credit equal to \$..... times the number of acres. Land eligible under this
2.17 paragraph is the land located within the organic agriculture production and demonstration
2.18 zone established under section 17.1165. In order to qualify for the credit under this
2.19 paragraph, an application must be filed with the county assessor by June 30 of the
2.20 assessment year for taxes payable in the following year. The commissioner of revenue
2.21 must prescribe the form of the application and the supporting documents that must be
2.22 submitted with the application. The credit under this paragraph is in addition to any credit
2.23 for which the property is eligible under paragraph (a).

2.24 (c) In no case shall the credit under paragraphs (a) and (b) exceed the total property
2.25 tax payable on the agricultural land.

2.26 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
2.27 2016. For taxes payable in 2016 only, the application deadline under paragraph (b)
2.28 is August 31, 2015.