

1.1 A bill for an act

1.2 relating to taxation; agricultural property; modifying the Minnesota agricultural
1.3 property tax law; amending Minnesota Statutes 2008, section 273.111,
1.4 subdivision 3a.

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

1.6 Section 1. Minnesota Statutes 2008, section 273.111, subdivision 3a, is amended to
1.7 read:

1.8 Subd. 3a. **Property that no longer eligible for deferment qualifies as agricultural**
1.9 **under 2008 law changes.** ~~(a)~~ Real estate receiving the tax deferment under this section
1.10 for assessment year 2008, but that ~~does not qualify for the 2009 assessment year due to~~
1.11 ~~changes in qualification requirements under Laws 2008, chapter 366, is not classified as~~
1.12 ~~class 2a in a subsequent assessment year,~~ shall continue to qualify ~~until any part of the~~
1.13 ~~land is sold, transferred, or subdivided,~~ provided that the property continues to meet the
1.14 requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

1.15 ~~(b) When property assessed under this subdivision is withdrawn from the program or~~
1.16 ~~becomes ineligible, the property shall be subject to additional taxes, in the amount equal~~
1.17 ~~to the average difference between the taxes determined in accordance with subdivision~~
1.18 ~~4, and the amount determined under subdivision 5, for the current year and the two~~
1.19 ~~preceding years, multiplied by (1) three, in the case of class 2a property under section~~
1.20 ~~273.13, subdivision 23, or any property withdrawn before January 2, 2009, or (2) seven, in~~
1.21 ~~the case of property withdrawn after January 2, 2009, that is not class 2a property. The~~
1.22 ~~number of years used as the multiplier must not exceed the number of years during which~~
1.23 ~~the property was subject to this section. The amount determined under subdivision 5 shall~~
1.24 ~~not be greater than it would have been had the actual bona fide sale price of the real~~

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2.1 ~~property at an arm's-length transaction been used in lieu of the market value determined~~
2.2 ~~under subdivision 5. The additional taxes shall be extended against the property on the~~
2.3 ~~tax list for the current year, provided that no interest or penalties shall be levied on the~~
2.4 ~~additional taxes if timely paid.~~

2.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
2.6 thereafter.