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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5074

03/20/2024 Authored by McDonald; Olson, B.; Torkelson; Nash; Knudsen and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property; increasing the shareholder limit for entity-owned
1.3 agricultural homestead property; amending Minnesota Statutes 2022, section
1.4 273.124, subdivision 8.

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

1.6 Section 1. Minnesota Statutes 2022, section 273.124, subdivision 8, is amended to read:

1.7 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**
1.8 **venture, limited liability company, or partnership.** (a) Each family farm corporation;
1.9 each joint family farm venture; and each limited liability company or partnership which
1.10 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph
1.11 (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner
1.12 thereof who is residing on the land, and actively engaged in farming of the land owned by
1.13 the family farm corporation, joint family farm venture, limited liability company, or
1.14 partnership. Homestead treatment applies even if:

1.15 (1) legal title to the property is in the name of the family farm corporation, joint family
1.16 farm venture, limited liability company, or partnership, and not in the name of the person
1.17 residing on it; or

1.18 (2) the family farm is operated by a family farm corporation, joint family farm venture,
1.19 partnership, or limited liability company other than the family farm corporation, joint family
1.20 farm venture, partnership, or limited liability company that owns the land, provided that:

1.21 (i) the shareholder, member, or partner residing on and actively engaged in farming the
1.22 land is a shareholder, member, or partner of the family farm corporation, joint family farm
1.23 venture, partnership, or limited liability company that is operating the farm and;

2.1 (ii) more than half of the shareholders, members, or partners of each family farm
2.2 corporation, joint family farm venture, partnership, or limited liability company are persons
2.3 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
2.4 paragraphs (c) and (d).

2.5 "Family farm corporation," "family farm," and "partnership operating a family farm"
2.6 have the meanings given in section 500.24, except that the number of allowable shareholders,
2.7 members, or partners under this subdivision shall not exceed ~~12~~ 18. "Limited liability
2.8 company" has the meaning contained in sections 322C.0102, subdivision 12, and 500.24,
2.9 subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative
2.10 agreement among two or more farm enterprises authorized to operate a family farm under
2.11 section 500.24.

2.12 (b) In addition to property specified in paragraph (a), any other residences owned by
2.13 family farm corporations, joint family farm ventures, limited liability companies, or
2.14 partnerships described in paragraph (a) which are located on agricultural land and occupied
2.15 as homesteads by its shareholders, members, or partners who are actively engaged in farming
2.16 on behalf of that corporation, joint farm venture, limited liability company, or partnership
2.17 must also be assessed as class 2a property or as class 1b property under section 273.13.

2.18 (c) Agricultural property that is owned by a member, partner, or shareholder of a family
2.19 farm corporation or joint family farm venture, limited liability company operating a family
2.20 farm, or by a partnership operating a family farm and leased to the family farm corporation,
2.21 limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is
2.22 eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually
2.23 residing on the property, and is actually engaged in farming the land on behalf of that
2.24 corporation, joint farm venture, limited liability company, or partnership. This paragraph
2.25 applies without regard to any legal possession rights of the family farm corporation, joint
2.26 family farm venture, limited liability company, or partnership under the lease.

2.27 (d) Nonhomestead agricultural property that is owned by a family farm corporation,
2.28 joint farm venture, limited liability company, or partnership; and located not farther than
2.29 four townships or cities, or combination thereof, from agricultural land that is owned, and
2.30 used for the purposes of a homestead by an individual who is a shareholder, member, or
2.31 partner of the corporation, venture, company, or partnership; is entitled to receive the first
2.32 tier homestead classification rate on any remaining market value in the first homestead class
2.33 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2
2.34 agricultural homestead property, if the owner, or someone acting on the owner's behalf
2.35 notifies the county assessor by July 1 that the property may be eligible under this paragraph

3.1 for the current assessment year, for taxes payable in the following year. As used in this
3.2 paragraph, "agricultural property" means property classified as 2a under section 273.13,
3.3 along with any contiguous property classified as 2b under section 273.13, if the contiguous
3.4 2a and 2b properties are under the same ownership.

3.5 **EFFECTIVE DATE.** This section is effective for homestead applications in 2024 and
3.6 thereafter.