

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 755

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DATE	D-PG	OFFICIAL STATUS
01/30/2025	216	Introduction and first reading Referred to Taxes

1.1A bill for an act

1.2relating to taxation; property; increasing the shareholder limit for entity-owned

1.3agricultural homestead property; amending Minnesota Statutes 2024, section

1.4273.124, subdivision 8.

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

1.6Section 1. Minnesota Statutes 2024, section 273.124, subdivision 8, is amended to read:

1.7Subd. 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;

1.9each joint family farm venture; and each limited liability company or partnership which

1.10operates 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

1.12thereof who is residing on the land, and actively engaged in farming of the land owned by

1.13the family farm corporation, joint family farm venture, limited liability company, or

1.14partnership. Homestead treatment applies even if:

1.15(1) legal title to the property is in the name of the family farm corporation, joint family

1.16farm venture, limited liability company, or partnership, and not in the name of the person

1.17residing on it; or

1.18(2) the family farm is operated by a family farm corporation, joint family farm venture,

1.19partnership, or limited liability company other than the family farm corporation, joint family

1.20farm 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

1.22land is a shareholder, member, or partner of the family farm corporation, joint family farm

1.23venture, partnership, or limited liability company that is operating the farm; and

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

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

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

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

(d) Nonhomestead agricultural property that is owned by a family farm corporation, joint farm venture, limited liability company, or partnership; and located not farther than four townships or cities, or combination thereof, from agricultural land that is owned, and used for the purposes of a homestead by an individual who is a shareholder, member, or partner of the corporation, venture, company, or partnership; is entitled to receive the first tier homestead classification rate on any remaining market value in the first homestead class tier that is in excess of the market value of the shareholder's, member's, or partner's class 2 agricultural homestead property, if the owner, or someone acting on the owner's behalf 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 2025 and
3.6 thereafter.