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S.F. No. 1498 – Modifying Definition of ‘Agricultural Land’ for Agricultural Property Tax Classification (as proposed to be amended by A-1)

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SF 1498 expands the definition of ‘agricultural land’ used to determine eligibility for the Class 2 agricultural property tax classification to allow for market farming on property with less than 11 acres. Under current law, if property is less than 11 acres in size and contains a residential structure, the property must be used for intensive grain drying or storage, intensive storage of machinery or equipment, intensive nursery stock production, or intensive market farming.

This proposal allows property with less than 11 acres that contains a residence to be considered agricultural land if the contiguous acreage, exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for market farming and: (1) the owner provides the assessor with federal Schedule F (Form 1040) for the most recent tax year which reports gross income of at least \$5,000; or (2) if the owner has not filed Form 1040, the owner provides the assessor with a farm financial plan prepared by a financial management program approved by the commissioner of agriculture that demonstrates a plan to earn \$5,000 annually in gross income in each of the next two years.

For purposes of this section, “market farming” means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sales to local markets by the farmer or an organization with which the farmer is affiliated.

Effective beginning with assessment year 2026.