

home rule charter of any municipality affected by Laws 1957, Chapter 935.

Subd. 7. 9. The governing body of any governmental subdivision affected by this chapter may make contributions to the retirement fund of the retirement association from moneys derived from revenues other than general taxes. The use of these contributions by the retirement association may be limited to certain specific purposes and these limitations are binding upon the retirement association. The board of trustees may refuse to accept any conditional contribution.

Subd. 8. 10. For the purposes of this section only, the state of Minnesota is considered a governmental subdivision and assumes a liability with respect to legislative officers who are members for any year for which a certification may be made pursuant to the provisions of this section. The certification in such case shall be made to the state auditor who shall transmit the certification to the next regular session of the legislature for appropriate action. Further, for the purposes of this section only, the League of Minnesota Municipalities is considered a governmental subdivision and assumes a liability with respect to its public employees who are members for any year for which a certification may be made pursuant to the provisions of this section.

Approved June 2, 1967.

EXTRA SESSION

CHAPTER 60—S. F. No. 15

[Coded]

An act relating to taxation by creating a method of valuing agricultural land on the basis of the highest and best agricultural use.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. [273.111] **Minnesota agricultural property tax law.** [Subdivision 1.] This act may be cited as the "Minnesota Agricultural Property Tax Law."

Sec. 2. [Subd. 2.] The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain agricultural real property and has resulted in inadequate taxes on some lands and excessive taxes

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on others. Therefore, it is hereby declared the public policy of this state that the public interest would best be served by equalizing tax burdens upon agricultural property within this state through appropriate taxing measures.

Sec. 3. [Subd. 3.] Real estate shall be entitled to valuation and tax deferment under this act only if (1) it is actively and exclusively devoted to agricultural use as defined in sections 5 and 6, (2) it is the homestead or contiguous to the homestead or thereafter becomes the homestead of a surviving spouse of the said owner.

Sec. 4. [Subd. 4.] Subdivision 1. The value of any real estate described in section 3 shall upon timely application by the owner, in the manner provided in section 7, be determined solely with reference to its appropriate agricultural classification and value notwithstanding Minnesota Statutes, Sections 272.03, Subdivision 8 and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider any added values resulting from non-agricultural factors.

Subd. 2. The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records.

Sec. 5. [Subd. 5.] Real property shall be considered to be in agricultural use if devoted to the production for sale of live-stock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, but not when devoted to processing of such things or meeting the requirements and qualifications for payments or other compensation pursuant to a soil conservation program under an agreement with an agency of the federal government.

Sec. 6. [Subd. 6.] Land shall be considered to be actively devoted to agricultural use only if the gross sales of agricultural products have averaged \$750 per year and \$25 per acre per year or more during the last two years preceding the year for which application is made for the assessment under this act.

Sec. 7. [Subd. 7.] Application for deferment of taxes and assessment under this act shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of taxation. The assessor may require proof by affidavit or otherwise that the property qualifies under sections 3 and 6 of this act.

Sec. 8. [Subd. 8.] When real property which is being, or

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has been valued and assessed under this act, is sold or no longer qualifies under sections 3 and 6, the portion sold shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with section 4, subdivision 1, and the amount determined under section 4, subdivision 2, provided, however, that the amount determined under subdivision 2 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arms length transaction been used in lieu of the market value determined under section 4, subdivision 2. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this act.

Sec. 9. [Subd. 9.] The tax imposed by this act shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state. The tax shall be annually extended by the county auditor and shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

Sec. 10. [Subd. 10.] The payment of special local assessments levied after the date of this act for improvements made to any real property described in section 3 together with the interest thereon shall, on timely application as provided in section 7, be deferred as long as such property meets the conditions contained in sections 3 and 6. When such property is sold or no longer qualifies under sections 3 and 6, all deferred special assessments plus interest shall be payable within 90 days. Penalty shall not be levied on any such special assessments if timely paid. If not paid within such 90 days, the county auditor shall include such deferred special assessments plus a 10 percent penalty on the tax list for the current year.

Sec. 11. [Subd. 11.] This act shall be broadly construed to achieve its purpose. The invalidity of any provision shall be deemed not to affect the validity of other provisions.

Sec. 12. [Subd. 12.] This act shall apply only to assessments for tax purposes made in 1968 through 1972 which are used to determine taxes payable in 1969 through 1973.

Sec. 13. [Subd. 13.] This act shall apply to special local assessments levied after July 1, 1967 and payable in the years 1968 through 1972.

Approved June 2, 1967.

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