
CHAPTER 324—S.F.No.1026

An act relating to agriculture; clarifying restrictions upon farming by corporation; amending Minnesota Statutes 1974, Section 500.24.

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

Section 1. Minnesota Statutes 1974, Section 500.24, is amended to read:

500.24 AGRICULTURE; CORPORATE FARMING. Subdivision 1. **DEFINITIONS.** For the purposes of this section, the terms defined in this subdivision have the meanings here given them:

(a) "Farming" means the cultivation of land for the production of (1) agricultural crops; (2) livestock or livestock products; (3) poultry or poultry products; (4) milk or dairy products; or (5) fruit or other horticultural products. It shall not include the production of timber or forest products; nor shall it include a contract whereby a processor or distributor of farm products or supplies provides spraying, harvesting or other farm services.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are members of a family persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of ~~whose stockholders-said related persons~~ is a person residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

- (1) Its shareholders do not exceed ~~ten~~5 in number;
- (2) All its shareholders, other than any estate are natural persons;
- (3) It does not have more than one class of shares; and
- (4) Its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts ; and

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(5) A majority of the shareholders must be residing on the farm or actively engaging in farming.

(e) "Agricultural land" means land used for farming.

Subd. 2. Farming and ownership of agricultural land by corporations restricted. After May 20, 1973, no corporation shall engage in farming; nor shall any corporation, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions provided in this subdivision shall not apply to the following:

(a) A bona fide encumbrance taken for purposes of security;

(b) A family farm corporation or an authorized farm corporation as defined in subdivision 1;

(c) Agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973 including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, measured in acres, in any five year period, and including additional ownership reasonably necessary to meet the requirements of pollution control regulations;

(d) ~~A farm-~~Agricultural land operated for research or experimental purposes, provided that any commercial sales from such farm shall be incidental to the research or experimental objectives of the corporation;

(e) Agricultural land operated by a corporation for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;

(f) Agricultural land and land capable of being used for farming leased by a corporation in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973 and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973 in any five year period, and the additional acreage reasonably necessary to meet the requirements of pollution control regulations;

(g) ~~Future interests, including but not limited to remainder interests following life estates,~~Agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious or charitable non-profit corporation; provided that all lands so acquired which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

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(h) Agricultural land acquired by a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 1, ~~for immediate or potential use in nonfarming purposes for which the corporation has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area~~. A corporation may hold such agricultural land in such acreage as may be necessary to its non-farm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation or an authorized farm corporation, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, 42 U.S.C. 3901 - 3914) as amended, or a subsidiary or assign of such a corporation; ~~or~~

(i) Agricultural lands acquired by a corporation by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten year period except under a lease to a family farm unit, a family farm corporation or an authorized farm corporation. The aforementioned ten year limitation period shall be deemed a covenant running with the title to the land against any corporate grantee or assignee or the successor of such corporation ;

(j) Agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, Chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, or a family farm corporation;

(k) Agricultural land, either leased or owned, totaling no more than 2700 acres, acquired after May 20, 1973 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2000 acres of asparagus production;

(l) All agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, Section 500.24, Subdivision 1, clause (d) but which does not qualify as an authorized farm corporation as defined in subdivision (1), clause (d);

(m) A corporation formed primarily for religious purposes whose sole income is derived from agriculture;

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(n) Agricultural land owned or leased by a corporation prior to the effective date of this act, which was exempted from the restriction of subdivision 2 under the provisions of Laws 1973, Chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on the effective date of this act in any five year period and the additional ownership reasonably necessary to meet requirements of pollution control regulations .

Subd. 3. **REPORTS.** (a) Every corporation which holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information:

- (1) The name of the corporation and its place of incorporation;
- (2) The address of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation, the address of its principal office in its place of incorporation;
- (3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the corporation and used for the growing of crops or the keeping or feeding of poultry or livestock; and
- (4) The names and addresses of the officers, shareholders owning more than 10 percent of the stock, including the percent of stock owned by each such shareholder and the members of the board of directors of the corporation ; and
- (5) The farm products which the corporation produces or intends to produce on its agricultural land.

The report of a corporation seeking to qualify hereunder as a family farm corporation or an authorized farm corporation shall contain the following additional information: The number of shares owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses ; the name, address and number of shares owned by each shareholder; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No corporation shall commence farming in this state until the ~~commission~~ commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

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(b) Every corporation engaged in farming in this state as described in clause(a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of such year ; provided that every corporation not engaged in farming on the effective date of this act, but engaged in activities described in clause (a) shall file the first required report prior to September 15, 1975 .

(c) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Subd. 4. **ENFORCEMENT.** If the attorney general has reason to believe that a corporation is violating subdivision 2 of this section, he shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the register of deeds or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 2 of this section, it shall enter an order so declaring. The attorney general shall file for record any such order with the register of deeds or the registrar of titles of each county in which any portion of said lands are located. Thereafter, the corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five year limitation period shall be deemed a covenant running with the title to the land against any corporate grantee or assignee or the successor of such corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Approved June 4, 1975.

CHAPTER 325—S.F.No.1035

[Not Coded]

An act relating to railroad safety; appropriating money to the department of public service for the purpose of enforcing certain railroad track safety standards.

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

Section 1. APPROPRIATION; RAILROAD SAFETY. The sum of \$105,000, or so much thereof as may be required, is appropriated from the general fund to the department of public service, for the biennium

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