

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2038

DATE: April 20, 2004

Version: As introduced

Authors: Westrom and others

Subject: Expands definition of "agricultural products" for property tax purposes to include certain short rotation trees

Analyst: Karen Baker, 651-296-8959
Steve Hinze; 651-296-8956

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Provides that the definition of agricultural products, for property tax purposes, includes certain short rotation trees. Effective for taxes levied in 2005, payable in 2006, and thereafter.

Section

1 **Definition; agricultural products.** Provides that the definition of "agricultural products" includes short rotation woody crops, which are cultivated using agricultural practices to produce timber or forest products. The property will then be eligible to be classified as class 2a, if the property is part of an agricultural homestead. The class rate for class 2a is 0.55 percent on the first \$600,000 market value of the homestead. The property is also eligible for the agricultural market value credit.

Under current law, trees grown and sold for timber, lumber, wood or wood products are not included in the definition of agricultural products and are generally classified under class 2b. Class 2b property has a class rate of one percent and is not eligible for the agricultural market value credit.

Effective for taxes levied in 2005, payable in 2006, and thereafter.