

Corporate Farm Law

- What is Minnesota’s corporate farm law?*** In general, the law bars corporations, limited liability companies, pension or investment funds, trusts, and limited partnerships from farming, owning, or leasing farmland in Minnesota. [Minn. Stat. § 500.24](#).
- What is the history of the law?*** The legislature created the corporate farm law in 1973. Subsequent legislatures have amended it roughly 30 times. However, restrictions on corporate ownership of land in Minnesota predate the codification of Minnesota Statutes in 1939.
- What is the purpose of the law?*** To “encourage and protect the family farm as a basic economic unit, to insure it as the most socially desirable mode of agricultural production, and to enhance and promote the stability and well-being of rural society in Minnesota and the nuclear family.” [Minn. Stat. § 500.24](#), subd. 1.
- What constitutes “farming” under the law?*** Farming includes the production of agricultural products, livestock or livestock products, milk or milk products, and fruit or other horticultural products. The law does not apply to food processing, refining, or packaging operations; the provision of spraying or harvesting services by a processor or distributor of farm products; the production of timber or forest products; the production of poultry or poultry products; or raising livestock for delivery to a corporation for slaughter or processing.
- What are some allowable farm business structures?*** In addition to family farms and multiple family-based business structures (e.g., family farm trust), the law either implicitly or explicitly allows farming and/or farmland ownership/leasing by:
- sole proprietors;
 - general and limited liability partnerships;
 - authorized versions of otherwise-prohibited business structures (e.g., authorized farm corporations);
 - nonprofits; and
 - utility corporations and electric generation or transmission co-ops.
- Are there any additional exceptions?*** Restricted business entities may own and/or operate farmland under the following exemptions:
- land purchased and converted for nonfarm development;
 - “grandfathered” land owned or leased before certain dates;
 - land used for growing seed, wild rice, nursery plants, or sod;
 - certain small parcels of land;
 - land used for aquatic, religious, breeding stock, or research farms; and
 - gifted or repossessed land if disposed of within a specified period of time.

In addition, entities that do not meet any of the above criteria may apply to the commissioner of agriculture for a special exemption.

Do other states have similar laws? Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, and Wisconsin also have corporate farm laws.

Are these laws constitutional? A common requirement of corporate farm laws is that the owner or at least one family member resides on or actively farms the land. In December 2006, a federal appeals court struck down Nebraska's corporate farm law, ruling that it violated the dormant commerce clause of the U.S. Constitution. The laws in Iowa and South Dakota were similarly ruled unconstitutional in 2003. The courts found all three to be discriminatory, benefiting in-state economic interests at the expense of those residing out of state.

No one has challenged Minnesota's corporate farm law, likely due in part to exemptions added by the legislature since 1973.

For more information: The Minnesota Department of Agriculture (MDA) administers the corporate farm law. Questions about the application of the law to a specific entity, property, or situation should be directed to the MDA at 651-201-6000 or 1-800-967-2474. For legislative issues, contact legislative analyst Colbey Sullivan at 651-296-5047. Also see the House Research publications *Corporate Farm Law 1851-1991* (November 1991) and *Alien Farmers in Minnesota 1851-2004* (December 2004) for more on the history of laws restricting who may farm and own farmland in Minnesota.

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