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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 75

01/14/2019 Authored by Green, Erickson, Poston, Miller and Backer
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property taxes; real property transfers of conservation land;
1.3 conservation easements; amending Minnesota Statutes 2018, sections 84C.02;
1.4 272.01, by adding a subdivision; proposing coding for new law in Minnesota
1.5 Statutes, chapter 84C.

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

1.7 Section 1. Minnesota Statutes 2018, section 84C.02, is amended to read:

1.8 84C.02 CREATION, CONVEYANCE, ACCEPTANCE, AND DURATION.

1.9 (a) Except as otherwise provided in this chapter, a conservation easement may be created,
1.10 conveyed, recorded, assigned, released, modified, terminated, or otherwise altered or affected
1.11 in the same manner as other easements.

1.12 (b) No right or duty in favor of or against a holder and no right in favor of a person
1.13 having a third-party right of enforcement arises under a conservation easement before its
1.14 acceptance by the holder and a recordation of the acceptance.

1.15 (c) Except as provided in paragraph (e) or section 84C.03, clause (b), a conservation
1.16 easement is unlimited in duration unless the instrument creating it otherwise provides.

1.17 (d) An interest in real property in existence at the time a conservation easement is created
1.18 is not impaired by it unless the owner of the interest is a party to the conservation easement
1.19 or consents to it.

1.20 (e) The duration of a conservation easement that burdens 500 acres or less may not
1.21 exceed 15 years.

2.1 **EFFECTIVE DATE.** This section is effective for conservation easements and interests
 2.2 conveyed on or after the day following final enactment.

2.3 **Sec. 2. [84C.06] DELINQUENT REAL ESTATE TAXES; BURDENED LAND.**

2.4 (a) If the taxes are deemed delinquent on the real property burdened by a conservation
 2.5 easement subject to the duration limit in section 84C.02, paragraph (e), the easement
 2.6 terminates and must be released.

2.7 (b) After the taxes are deemed delinquent on the real property burdened by a conservation
 2.8 easement subject to the duration limit in section 84C.02, paragraph (e), no payment for the
 2.9 purchase of that easement may thereafter be made by the holder or the holder's successor
 2.10 in interest, or any other person, to an owner of the interest in the real property burdened by
 2.11 the easement, or the owner's successor in interest. Within 120 days from the date the taxes
 2.12 are deemed delinquent, the owner of an interest in the real property burdened by the easement
 2.13 must pay to the holder an amount equal to the amount of any payment made for the purchase
 2.14 of that easement in the taxes payable year for which the taxes are deemed delinquent.

2.15 (c) If all payments for the purchase of a conservation easement have been made at the
 2.16 time the taxes on the real property burdened by the easement are deemed delinquent but
 2.17 before the easement under section 84C.02, paragraph (e), expires, then within 120 days
 2.18 from the date the taxes are deemed delinquent, an owner of the interest in the real property
 2.19 burdened by the easement must make a payment to the holder equal to the total amount paid
 2.20 for the easement, divided by the number of years of the duration of the easement, multiplied
 2.21 by the sum of the number of taxes payable years for which taxes are deemed delinquent
 2.22 and the number of years remaining until the easement expires. For multiple owners, each
 2.23 owner must pay a pro rata share of the amount determined under this paragraph.

2.24 **EFFECTIVE DATE.** This section is effective for conservation easements and interests
 2.25 conveyed on or after the day following final enactment.

2.26 **Sec. 3.** Minnesota Statutes 2018, section 272.01, is amended by adding a subdivision to
 2.27 read:

2.28 Subd. 5. **Acquisition of conservation property; taxation.** Notwithstanding section
 2.29 272.02, or any other law to the contrary, a tax is imposed on all or a portion of real property
 2.30 that is initially acquired in fee by a nongovernmental organization for conservation purposes
 2.31 using state funds and subsequently transferred to an agency. The tax is imposed until such
 2.32 time as the agency sells, transfers, or otherwise disposes of the property. All provisions
 2.33 related to the taxation of real property apply to the property taxed under this section as if

- 3.1 the nongovernmental organization is the owner of the property, including those provisions
3.2 related to delinquency, forfeiture, and the sale of tax-forfeited land except that the property
3.3 must be classified as 2b rural vacant land under section 273.13. No payment in lieu of taxes
3.4 must be made under sections 477A.10 to 477A.14 for property subject to tax under this
3.5 section. For purposes of this section, "agency" means an agency as defined in section 16B.01,
3.6 subdivision 2, and the Board of Trustees of the Minnesota State Colleges and Universities.
- 3.7 **EFFECTIVE DATE.** This section is effective for acquisitions made with state funds
3.8 on or after the day following final enactment.