

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 3960**

(SENATE AUTHORS: WEBER and Dahms)

DATE  
04/12/2018

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to taxation; property; providing a property tax credit for land constituting  
 1.3 a riparian buffer; appropriating money; amending Minnesota Statutes 2017  
 1.4 Supplement, section 273.1393; proposing coding for new law in Minnesota Statutes,  
 1.5 chapter 273.

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

1.7 Section 1. **[273.1388] RIPARIAN BUFFER CREDIT.**

1.8 Subdivision 1. **Definition.** For purposes of this section, "riparian buffer" means a buffer  
 1.9 required under section 103F.48, subdivision 3.

1.10 Subd. 2. **Eligibility requirements.** Land may be enrolled in the program if all the  
 1.11 following conditions are met:

1.12 (1) the land is tillable land that was classified as 2a under section 273.13, subdivision  
 1.13 23, in the year prior to its conversion to a riparian buffer;

1.14 (2) a buffer is required to be maintained on the property according to section 103F.48,  
 1.15 subdivision 3, and the buffer is identified and mapped on a buffer-protection map established  
 1.16 and maintained by the commissioner of natural resources;

1.17 (3) the land was converted to a riparian buffer during calendar years 2015 to 2019 to  
 1.18 comply with section 103F.48;

1.19 (4) the land is not enrolled in a conservation program that provides income to the  
 1.20 landowner;

1.21 (5) the land has not been compensated for damages under section 103E.315, subdivision  
 1.22 8, for purposes of installing a buffer; and

2.1 (6) the landowner is not subject to an enforcement action under section 103F.48,  
2.2 subdivision 7, paragraph (c), relative to the land for which the credit is claimed.

2.3 Subd. 3. **Application.** (a) In order to initially qualify for a credit under this section, an  
2.4 owner of agricultural land must file an application with the county auditor on a form  
2.5 prescribed by the commissioner. The application must specifically identify the land meeting  
2.6 the requirements of this section. Once an application has been made for land to receive a  
2.7 credit under this section, no further applications for the land to receive the credit are required,  
2.8 provided that the owner must notify the auditor if there has been any change in the status  
2.9 of the land relative to the eligibility requirements under subdivision 2.

2.10 (b) An application must be received prior to April 1 in order for the credit to be in effect  
2.11 for taxes payable in the following year, except that an application may be filed through June  
2.12 15, 2018, for the credit to be in effect for taxes payable in 2019.

2.13 Subd. 4. **Coordination with administrative entities.** (a) By August 1, 2018, and May  
2.14 1 of each year thereafter, the county auditor must notify the local soil and water conservation  
2.15 district of the land within the district's jurisdiction for which an application for the credit  
2.16 under this section has been received. By September 15, 2018, and August 1 of each year  
2.17 thereafter, the soil and water conservation district must verify the accuracy of the land for  
2.18 which the credit is being claimed.

2.19 (b) By August 1 of each year, the Board of Water and Soil Resources, and the local  
2.20 water management authority as defined under section 103F.48, subdivision 1, must notify  
2.21 the county auditor of any enforcement actions under section 103F.48, subdivision 7,  
2.22 paragraph (c), for land for which the credit under this section is being claimed.

2.23 Subd. 5. **Amount of credit.** Land meeting the requirements of this section is eligible  
2.24 for a credit at the rate of \$50 per acre.

2.25 Subd. 6. **Credit reimbursements.** The county auditor shall determine the tax reductions  
2.26 allowed under this section within the county for each taxes payable year and shall certify  
2.27 that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted  
2.28 by the county auditors under section 275.29. Any prior year adjustments shall also be  
2.29 certified on the abstracts of tax lists. The commissioner shall review the certifications for  
2.30 accuracy, and may make such changes as are deemed necessary or return the certification  
2.31 to the county auditor for correction. The credit under this section must be used to  
2.32 proportionately reduce the net tax capacity-based property tax payable to each local taxing  
2.33 jurisdiction as provided in section 273.1393.

3.1 Subd. 7. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing  
 3.2 jurisdiction, other than school districts, for the tax reductions granted under this section, in  
 3.3 two equal installments on October 31 and December 26 of the taxes payable year for which  
 3.4 the reductions are granted, including in each payment the prior year adjustments certified  
 3.5 on the abstracts for that taxes payable year. The reimbursements related to tax increments  
 3.6 shall be issued in one installment each year on December 26.

3.7 (b) The commissioner of revenue shall certify the total of the tax reductions granted  
 3.8 under this section for each taxes payable year within each school district to the commissioner  
 3.9 of education, and the commissioner of education shall pay the reimbursement amounts to  
 3.10 each school district as provided in section 273.1392.

3.11 Subd. 8. **Appropriation.** An amount sufficient to make the payments required by this  
 3.12 section to taxing jurisdictions other than school districts is annually appropriated from the  
 3.13 clean water fund to the commissioner of revenue. An amount sufficient to make the payments  
 3.14 required by this section for school districts is annually appropriated from the clean water  
 3.15 fund to the commissioner of education.

3.16 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

3.17 Sec. 2. Minnesota Statutes 2017 Supplement, section 273.1393, is amended to read:

3.18 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

3.19 Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
 3.20 by subtracting the credits in the order listed from the gross tax:

3.21 (1) disaster credit as provided in sections 273.1231 to 273.1235;

3.22 (2) powerline credit as provided in section 273.42;

3.23 (3) agricultural preserves credit as provided in section 473H.10;

3.24 (4) enterprise zone credit as provided in section 469.171;

3.25 (5) disparity reduction credit;

3.26 (6) conservation tax credit as provided in section 273.119;

3.27 (7) the school bond credit as provided in section 273.1387;

3.28 (8) riparian buffer credit under section 273.1388;

3.29 (9) agricultural credit as provided in section 273.1384;

3.30 ~~(9)~~ (10) taconite homestead credit as provided in section 273.135;

4.1 ~~(10)~~ (11) supplemental homestead credit as provided in section 273.1391; and

4.2 ~~(11)~~ (12) the bovine tuberculosis zone credit, as provided in section 273.113.

4.3 The combination of all property tax credits must not exceed the gross tax amount.

4.4 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.