

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass and Be Referred to the Committee on Revenue
Vote:	7 - 1 - 0
Yeas:	Boone, Esquivel, Johnson, Schaufler, Sprenger, Clem, Jenson
Nays:	Cowan
Exc.:	0
Prepared By:	Beth Herzog, Administrator
Meeting Dates:	4/15, 4/18

WHAT THE MEASURE DOES: Allows person to claim special assessment for farmland in use less than five years if person presents investment plan to generate qualifying income within first five years. Authorizes assessment of additional taxes when special assessment is granted under investment plan and disqualified at the end of plan period. Stipulates additional tax may not be collected as a result of disqualification if plan is implemented in good faith and fails to meet income requirement. Applies to property tax years beginning on or after July 1, 2012. Effective 91st day following adjournment sine die.

ISSUES DISCUSSED:

- If disqualified additional taxes would not be assessed if investment plan was implemented in good faith and person still failed to meet requirement
- Property tax can be large burden for new farmers

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: If land is not in an exclusive farm-use (EFU) zone but is used exclusively as farmland for at least two years, it may receive the same property tax assessment as all qualifying EFU farmland. Generally, in order to qualify for special assessment status, the farm unit's minimum gross income must meet a specific threshold in three out of the five full calendar years prior to the assessment date. The qualifying minimum gross income varies with acreage and must be at least \$650 for units 6-1/2 acres or less, at least \$3,000 for farms greater than 30 acres, and \$100 per acre for units in between these acreages. House Bill 3626 would allow a person to claim a special tax assessment if they present an investment plan showing how they plan to generate qualifying income within the first five years.