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State of Minnesota

# HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH SESSION**

## HOUSE FILE NO. 2726

February 4, 2010
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A bill for an act

relating to agriculture; authorizing family agricultural revitalization zones (FARMZ); promoting value-added processing agricultural products; amending Minnesota Statutes 2008, section 469.310, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 469.

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

Section 1. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision to read:

Subd. 11a. **Qualified farm.** "Qualified farm" means a person actively engaged in farming, that invests in an agricultural processing facility on the farm, and that:

(1) increases employment on the farm by a minimum of 25 percent of full-time employment in the first full year of operation. The employment may include family members;

(2) makes an investment equal to at least ten percent of the previous years' gross revenue in the agricultural processing facility; and

(3) enters into a binding written agreement with the commissioner that:

(i) pledges the agricultural processing facility will meet the requirements of clauses (1) and (2);

(ii) provides the repayment of all tax benefits enumerated under section 469.315 to the business under the procedures in section 469.319, if the requirements of clauses (1) and (2) are not met for the taxable year or for taxes payable during the year in which the requirements are not met; and

(iii) contains any other terms the commissioner deems appropriate.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. **[469.3141] DESIGNATION OF FAMILY AGRICULTURAL REVITALIZATION ZONES.**

Subdivision 1. **Authority to designate.** In addition to the designations authorized under section 469.314, the commissioner, in consultation with the commissioner of revenue, may designate one or more family agricultural revitalization zones for on-farm agricultural processing facility projects. In designating a zone, the commissioner shall consider the need for tax incentives to make the project feasible and the likelihood of success of the project. The commissioner may designate a zone at any time upon application for a qualifying project.

Subd. 2. **Qualifying projects.** A qualifying project is limited to the portion of a qualified farm that consists of the agricultural processing facility. The tax incentives under section 469.315 do not extend to the rest of the farm.

Subd. 3. **Application of JOBZ rules.** Except as otherwise specifically provided in this section, sections 469.310 to 469.3201 apply to family agricultural revitalization zones designated under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment.