

# DOES FARM PROPERTY RECEIVE SCHOOL TAX RELIEF?

Yes

70%

**AG2School Credit**

Minnesota's Ag2School Credit provides Agricultural landowners tax relief on local school bonds. This credit was enacted by the Minnesota Legislature to lessen the impact of school building projects on farmers. For BOLD community members this means 48% of the referendum cost would be covered by the State of Minnesota.

## **Here's how Agriculture Taxes are calculated:**

Since a farmer's house, garage, and first acre of land is assessed like every other homeowner, and the remaining acres are treated like a business, it is important to understand the different tax levels when calculating the impact of this referendum.

- Step 1: House, garage, and first acre's assessed value is subject to the normal residential tax rate.
- Step 2: After the first acre, the next \$2,150,000 of assessed land is taxed at the homestead rate – which is lower and qualifies for the 70% Ag2School Tax Credit.
- Step 3: Acreage beyond the \$2,150,000 assessed land is taxed at the non-homestead rate – which also qualifies for the 70% Ag2School Tax Credit.

## **AG2SCHOOL NOTABLES:**

**Bob Indihar**, Executive Director of the Minnesota Rural Education Association (MREA) recently noted:

- The Ag2School Credit was a major priority and significant win for MREA and its districts when it passed with bipartisan support in 2017. This is solid legislation with continued strong support from both parties.
- Current Revenue Commissioner Paul Marquart was the legislative sponsor of this bill and has pushed to increase the credit to 80% or more during the 2023 Legislative Session.