



SUMMER 2025

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Minnesota Moves to Recognize Flower Farms as Agricultural Homesteads

Why This Matters for Small Farmers, Rural Landowners, and the Future of Ag Policy

In a long-awaited and meaningful shift, Minnesota has moved to classify flower farms—specifically those growing cut flowers—as agricultural homesteads. A bipartisan bill introduced in the 2025 legislative session brought welcomed clarity and tax fairness to small-scale flower growers who have historically been excluded from the benefits granted to other types of farmers.

Under the prior law, many flower farms in Minnesota were taxed as residential or non-agricultural properties. This meant higher property taxes, more restrictive zoning and building regulations, and reduced access to critical exemptions. Although Minnesota law already classified nurseries and greenhouses growing food or trees as “agricultural,” it had not afforded the same recognition to flower farms—even though their operations are often indistinguishable in size, structure, and community benefit.

The Legislative Fix: Senate File 2626

The proposed legislation—Senate File 2626—explicitly added “floriculture and cut flowers” to the list of activities qualifying for agricultural homestead classification under Minnesota Statute § 273.13. This classification entitles qualifying flower farms to:

- Lower agricultural property tax rates;
- Exemptions from certain building permits for farm structures like hoop houses and greenhouses;
- Protection under land use laws intended for farming operations.

The change was aimed at helping small, diversified farms—many of which are owned by women and first-generation farmers—sustain their businesses in the face of rising land and operational costs.

Who Benefits and When

Now that it’s enacted, the legislation will take effect for the 2027 assessment year (property taxes payable in 2028). This gives local governments and the Minnesota Department of Revenue time to implement the changes while providing certainty to flower growers planning long-term.

The bill was received with bipartisan support in the legislature and passed, with strong backing from the Minnesota Farmers Union and local growers alike. Advocates argued that the change not only supports the agricultural economy but also reflects the broader diversity of what farming looks like today.

Legal and Planning Considerations

If you or your clients operate a flower farm—or are thinking about starting one—it may be time to revisit your property’s classification, business structure, or land use plan. Our firm can help you explore how this law could impact your property taxes, zoning obligations, or estate planning strategies.

The legislation passed, which opens new opportunities for rural landowners and agricultural entrepreneurs across Minnesota.

Have questions about how your property is classified—or what this law could mean for your farm? Let’s schedule a conversation. Our team can help you protect your investment and stay ahead of regulatory changes.





Surprise! You Cannot Easily Disinherit Your Spouse

Believe it or not, it is not easy to disinherit your spouse in the United States. In many states and the District of Columbia, you cannot intentionally disinherit your spouse unless your spouse agrees to receive nothing from your estate in a prenuptial, postnuptial, or other marital agreement. However, the same is not true for other family members. Generally, you can use your estate plan to disinherit your siblings, nieces and nephews, grandchildren, and sometimes even your children.

Beware: Spousal Disinheritance Laws Vary Widely by State

Unfortunately, no one set of rules governs what a surviving spouse is entitled to inherit. Instead, the laws governing spousal inheritance rights, such as elective share and community property laws, depend on the state where you live or own property, and they vary widely. Based on state laws, the surviving spouse's right to inherit may be based on one or more of the following factors:

- how long the couple was married
- whether or not children were born of the marriage
- the value of what the deceased spouse solely owned
- whether the surviving spouse inherited anything from the deceased spouse outside of probate court (e.g., as a designated beneficiary or joint owner)
- the combined value of an *augmented estate*, which includes accounts and property that are subject to probate and accounts or property that were automatically transferred to a named beneficiary by operation of law (payable-on-death, transfer-on-death, or beneficiary designation form)

In Florida, a surviving spouse may choose to take an elective share, which is 30 percent of the deceased spouse's elective estate. The *elective estate* includes probate assets and certain nonprobate assets, such as payable-on-death and transfer-on-death accounts, joint accounts, revocable trust assets, the net cash surrender value of life insurance, annuities, and retirement accounts. The decedent's debts reduce the elective estate.

In addition, state laws vary widely regarding the time limit within which a surviving spouse can seek their inheritance rights, which can range from a few months to a few years.

In Minnesota, in order to leave your spouse out of your will, it must include language that specifically and expressly excludes them. Even if you do expressly attempt to do so, your spouse may not be completely disinherited. Up to one-half of your estate, depending on how long you were married, could still be claimed by your spouse.

Disinherited Spouses Need to Act Quickly

If your deceased spouse has attempted to disinherit you, seek legal advice as soon as possible before state law bars you from enforcing your rights. Only an experienced estate administration attorney can help you weigh all your options and protect your interests as a surviving spouse. We've been helping families for over 50 years, and we're here to help you..

Farm Facts: Minnesota Agriculture is a multi-billion dollar industry

Minnesota corn sales, according to the 2024 State Agriculture Overview data provided by the USDA, totaled more than \$5.85 billion in production. Soybeans totaled nearly \$3.3 billion.



Why Physicians in Minnesota Should Pay Close Attention to the \$3 Million Estate Tax Threshold

For many physicians in Minnesota, wealth accumulation happens steadily—and often faster than anticipated. Between income, retirement accounts, real estate, life insurance, and other investments, it's not uncommon for physicians to build an estate that crosses the state's \$3 million estate tax exemption.

Understanding how the Minnesota estate tax works—and how quickly your estate can reach a taxable level—is crucial to protecting the legacy you've worked hard to build.

The \$3 Million Estate Tax Line

Minnesota currently imposes an estate tax on estates valued over **\$3 million**. Once your estate crosses that threshold, the amount above it becomes subject to tax rates ranging from **13% to 16%**. Unlike federal estate tax, which affects only the wealthiest Americans, Minnesota's lower exemption means many physicians and high-income professionals are well within reach of triggering this tax.

How Physicians Reach the Threshold Quickly

Even without extravagant spending, physicians can find themselves over the line:

- **Retirement Accounts:** 401(k)s, 403(b)s, and IRAs often hold substantial balances by the time retirement nears.
- **Home Equity:** A primary residence (or more than one) with strong appreciation contributes significantly to estate value.
- **Life Insurance:** Death benefits are typically included in your taxable estate unless held in an irrevocable trust.
- **Investment Accounts:** Brokerage and business investments add further value.

In combination, these assets can easily push your estate past \$3 million—even if you don't consider yourself "wealthy."

Minnesota Portability Rules: A Big Caveat

One key limitation under current Minnesota law is the lack of **automatic portability** between spouses. This means that if one spouse dies without using the full \$3 million exemption—and without proper planning—the unused amount may be lost. While it's important to note that proposed legislation allows for portability in certain cases in a timely filed return, the law remains unchanged at this time. Even if we see the law change, it won't be retroactive making proactive planning essential. .

Smart Strategies to Reduce Estate Tax Exposure

Physicians who want to avoid or minimize Minnesota estate taxes should consider these proactive strategies:

- **Credit Shelter or Bypass Trusts** to fully utilize each spouse's exemption
- **Lifetime Gifting** to gradually reduce the taxable estate
- **Irrevocable Life Insurance Trusts (ILITs)** to exclude life insurance from the estate
- **Charitable Giving** to support causes and reduce taxable value
- **Asset Valuation and Timing** to coordinate large asset sales or transfers strategically

Planning Early Is the Key

The earlier physicians begin estate planning, the more options are available to them. Delaying planning until retirement—or worse, until it's too late—can lead to missed opportunities and unnecessary tax exposure.

If you're unsure of your estate's value or whether you're approaching the threshold, now is the time to start the conversation. With thoughtful planning, you can preserve more of your estate for the people and causes that matter most.

Office Hours and Locations

Rochester: 1801 Greenview Drive SW, Ste. 102

Monday – Thursday 8:30 – 4:30

Friday 8:30 – 3:30

Winona: 65 Johnson Street

Monday – Thursday 8:30 – 4:00

Friday 8:30 – 3:30

Lake City: 120 W Center Street

Monday – Thursday 8:30 – 4:30

Friday 8:30 – 3:30

St. Charles: 819 Whitewater Ave

Tuesday 12:30 – 4:30

Thursday 9:00 – 12:00

By appointment

To schedule an appointment in any of our offices, please call (507) 288-5567.



Wagner Oehler, Ltd.
(507) 288-5567
www.wagnerlegalmn.com



Events Schedule

Back to School Estate Planning

Wednesday, August 27, 2025 at 2:00 PM
125 Live! 125 Elton Hills Drive
Rochester, Minnesota

Successor Trustee Training

Wednesday, August 13, 2025 at 2:30 PM
Rochester Area Foundation, 2nd Floor
12 Elton Hills Drive NW
Rochester, Minnesota

Back to School Estate Planning

Tuesday, September 9, 2025 at 2:00 PM
Lake City City Hall, 205 W. Center Street
Lake City, Minnesota

Visit <https://www.wagnerlegalmn.com/events/> for our current list of seminars.

If you have questions, contact Marketing Lead, Janice Domke, at janice.domke@wagnerlegalmn.com.

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