

2004 Metropolitan Agricultural Preserves Program Status Report

**Twin Cities
Metropolitan Area
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About This Report

The Metropolitan Council has monitored participation in the Metropolitan Agricultural Preserves Program since 1982. The Agricultural Preserves Program was established in 1980 by Minnesota Statutes 473H to encourage preservation of long-term agricultural lands within the seven county metropolitan area.

The Metropolitan Agricultural Preserves Program's intent is to provide metropolitan area farmers the assurance that they can make long-term agricultural investments, and can continue farming on viable agricultural lands within the metropolitan area. It encourages the use of agricultural lands for food production, and recognizes farming as a long-term land use for properties enrolled in the program. It provides local governments with a method to designate long term agricultural lands through the local planning process. It also plays a key role in ensuring the continued presence of agriculture as a long-term land use in the region. The Council has long used certification for program enrollment, through local comprehensive plans, as an indicator of agricultural areas deserving of the highest level of regional support.

The Agricultural Preserves Program legislation directs the Council to prepare annual reports summarizing participation in the program, and to maintain maps illustrating lands certified for long term agriculture and lands covenanted as agricultural preserve. This report summarizes program enrollment as of the end of 2004.

Eligibility and Implementation

The local authority is responsible for managing the application process, and enforcing the Agricultural Preserve Act's requirements and restrictions. The legislation requires the local authority, or the unit of government having planning and zoning authority, to adopt a comprehensive plan that specifically describes and designates (maps) long-term agricultural land. Local governments may establish these agricultural areas during the local comprehensive planning process.

The local authority then establishes corresponding zoning for the agricultural preserve areas, setting the density at no more than one dwelling unit per forty acres. Once these requirements are met, the land is considered "certified" eligible for benefits under the Agricultural Preserves Program.

Program Enrollment

Enrollment in the Agricultural Preserves Program is voluntary, so landowners often work with the local authority (city, township or county) to review the program's benefits. A landowner's decision to enroll may consider many factors including proximity to urbanization, financial status, continued family-owned farming, land values, or agricultural investments.

Landowners prepare and record the enrollment form, a restrictive covenant on the property's title. The restrictive covenant specifies that the land has been classified as agriculture, and has been certified eligible for designation as an agricultural preserve. The covenant indicates that the land shall be kept in agricultural use as defined by the legislation, which includes the production for sale of livestock, dairy animals or products, poultry and products, horticulture, fruit, etc. Forty acres is the minimum land area required for eligibility in the program. However, the law provides certain conditions under which the minimum can be reduced to twenty acres. The restrictive covenant places limitations on the enrolled land in order to receive the program's protection and benefits. The restrictive covenant is recorded with the property title, so that the agricultural preserve status is maintained if ownership changes. The restrictive covenant includes an affidavit of authority indicating that the local authority designates the described property as long term agriculture, and certifies the land eligible for agricultural preserve designation by resolution.

The restrictive covenant remains in effect indefinitely, or until a separate expiration notice is signed and filed with the county recorder. The restrictive covenant and its benefits terminate once the expiration date is reached, or eight years after the expiration notice is recorded.

Program Benefits

Enrollment in the Agricultural Preserves Program must occur before March 1st of any given year to receive the property tax benefits payable in the following year. The program provides a number of benefits that include special classification of the land based on its agricultural value, rather than its market value. A special tax rate is used to determine the amount of property taxes the landowner will pay, based upon a calculation using 105 percent of the previous year's statewide average tax rate for townships outside the metropolitan area. The lower of either the special tax rate, or the local tax rate, is used, and typically results in a reduced property tax.

Other program benefits include a minimum property tax credit of \$1.50 per acre per year. Special assessments are prohibited for public improvement projects including sanitary sewer systems, storm water sewer systems, water systems, roads and other improvements. Farm practices are protected because the law prohibits local governments from enacting or enforcing ordinances or regulations that restrict normal farm practices. Finally, the program requires that additional procedures be followed where eminent domain proceedings are initiated for enrolled land over ten acres in size.

Current Enrollment

The Program's enrollment has remained steady in the past few years, but has declined about 2,000 acres between 2003 and 2004. For taxes payable 2004, approximately 187,000 acres were enrolled. Table 1 graphs past enrollment from 1982 to the present.

Table 1
Program Enrollment 1982-2004

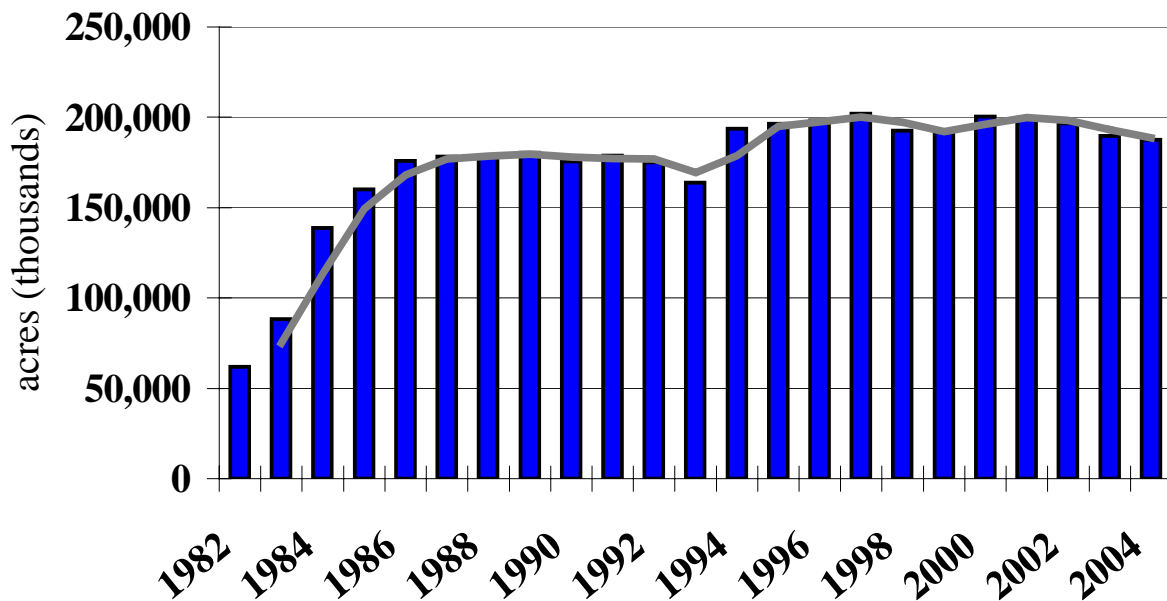


Table 2

METROPOLITAN AGRICULTURAL PRESERVES PROGRAM
Enrollment by Community¹
For Taxes Payable 2004

	2004 Enroll	2003	2002
Anoka County	Acres	Acres	Acres
ANDOVER CITY OF	1,407		
EAST BETHEL CITY OF	317		
ST FRANCIS CITY OF	120		
OAK GROVE CITY OF	565		
BLAINE CITY OF	71		
Anoka County Total	2,480	2,636	2,706
Carver County			
BENTON TOWN OF	14,510		
CAMDEN TOWN OF	13,406		
CHASKA TOWN OF	36		
DAHLGREN TOWN OF	10,664		
HANCOCK TOWN OF	8,482		
HOLLYWOOD TOWN OF	13,990		
LAKETOWN TOWN OF	3,382		
SAN FRANCISCO TOWN OF	5,851		
WACONIA TOWN OF	5,284		
WATERTOWN TOWN OF	6,306		
YOUNG AMERICA TOWN OF	13,924		
Carver County Total	95,835	96,371	101,065
Dakota County			
CASTLE ROCK TOWN OF	3,367		
DOUGLAS TOWN OF	9,611		
EMPIRE TOWN OF	4,556		
EUREKA TOWN OF	4,112		
GREENVALE TOWN OF	3,736		
HAMPTON TOWN OF	6,135		
MARSHAN TOWN OF	6,158		
NININGER TOWN OF	1,023		
RANDOLPH TOWN OF	456		
RAVENNA TOWN OF	1,164		
SCIOTA TOWN OF	2,679		
VERMILLION TOWN OF	11,650		
WATERFORD TOWN OF	2,918		
FARMINGTON CITY OF	1,435		
HAMPTON CITY OF	100		
LAKEVILLE CITY OF	257		
NEW TRIER CITY OF	2		
	2004 Enroll	2003	2002
ROSEMOUNT CITY OF	1,730		
Dakota County Total	61,089	61,877	63,523

¹ Information from the Minnesota Department of Revenue

Hennepin County			
HASSAN TOWN OF	309		
MEDINA CITY OF	293		
INDEPENDENCE CITY OF	4,166		
GREENFIELD CITY OF	1,212		
CORCORAN CITY OF	1,779		
MINNETRISTA CITY OF	2,532		
DAYTON CITY OF	1,561		
Hennepin County Total	11,852	12,081	11,797
Scott County			
BELLE PLAINE TOWN OF	1,043		
BLAKELEY TOWN OF	799		
CEDAR LAKE TOWN OF	110		
CREDIT RIVER TOWN OF	149		
HELENA TOWN OF	1,842		
NEW MARKET TOWN OF	77		
ST LAWRENCE TOWN OF	1,231		
SAND CREEK TOWN OF	1,661		
SPRING LAKE TOWN OF	406		
SHAKOPEE CITY OF	70		
Scott County Total	7,388	7,774	8,382
Washington County			
BAYTOWN TOWN OF	192		
DENMARK TOWN OF	2,090		
MAY TOWN OF	1,372		
NEW SCANDIA TOWN OF	1,115		
AFTON CITY OF	1,145		
FOREST LAKE CITY OF	110		
HUGO CITY OF	160		
LAKE ELMO CITY OF	414		
COTTAGE GROVE CITY OF	1,996		
GRANT CITY OF	277		
Washgton County Total	8,871	9,042	9,235
Region Totals	187,515	189,781	196,708

Program Funding

The Agricultural Preserves Program is funded by a \$5.00 fee on mortgage registrations and deed transfers (MRDT). The Counties retain half (\$2.50 share) and forward the remainder to both the Minnesota Conservation Fund and to the general fund, split equally.

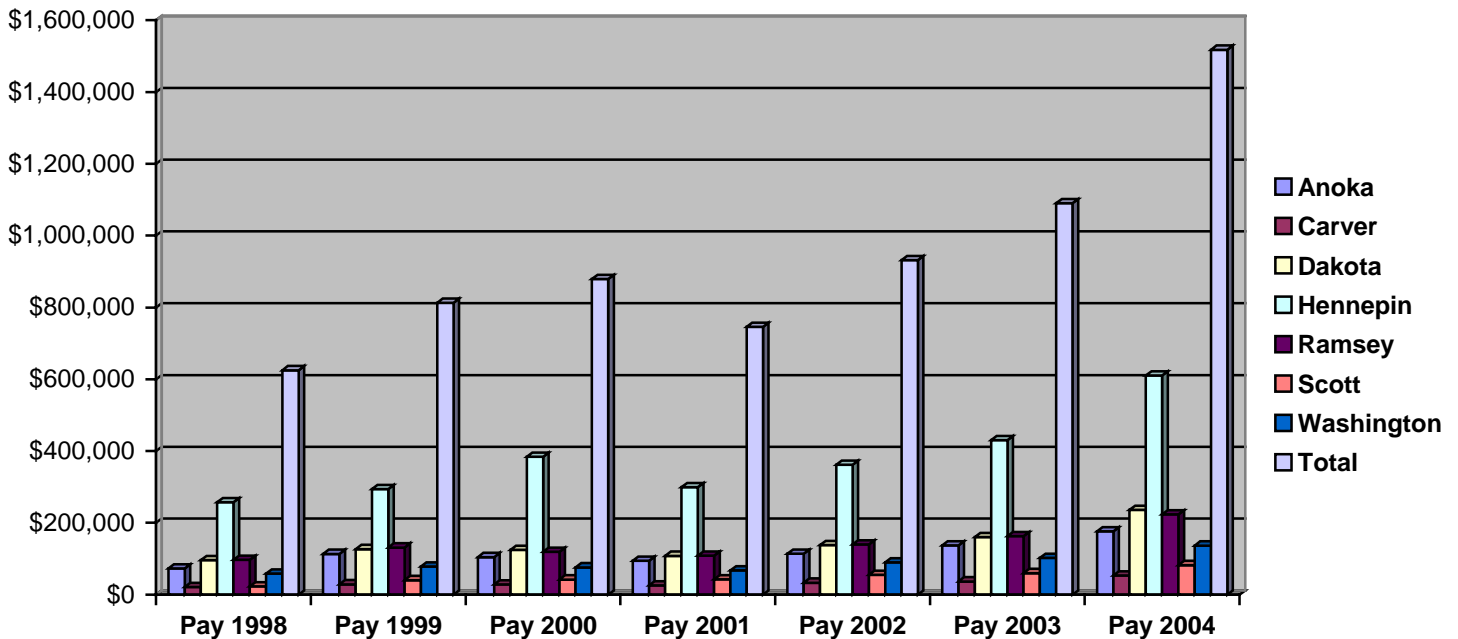
Landowners enrolled in the Agricultural Preserves Program receive a property tax savings, or conservation credit. The Counties use their \$2.50 share to compensate, and then draw from the Conservation Fund if the county proceeds are insufficient to meet tax credit demands. The fees collected during a specific calendar year apply to the taxes payable the following year. Therefore, fees collected in 2003 apply to taxes payable in 2004.

Ramsey County collects the MRDT fee, but has no land enrolled in the Agricultural Preserves Program. Therefore, Ramsey County and others having unspent funds may use the revenue to pay for other purposes such as conservation planning and implementation. However, any remaining funds not spent within the year must be transferred to the State.

Table 3 shows the revenue collected by the Counties (\$2.50 share) from 1998 through 2004. The funds are collected in a calendar for taxes payable the following year.

Table 3

	Pay 1998	Pay 1999	Pay 2000	Pay 2001	Pay 2002	Pay 2003	Pay 2004
Anoka	\$72,953	\$113,508	\$104,613	\$94,446	\$113,593	\$136,837	\$176,036
Carver	20,985	28,718	28,215	25,440	33,228	36,815	52,948
Dakota	96,075	126,763	124,640	108,070	137,821	160,450	236,268
Hennepin	257,213	293,808	383,870	299,120	361,880	430,228	610,389
Ramsey	96,833	131,232	119,590	108,418	139,585	163,049	223,301
Scott	22,648	40,283	42,043	42,495	55,125	59,960	82,266
Wash	58,460	78,420	75,980	67,848	90,095	102,628	136,628
Total	\$625,165	\$812,729	\$878,950	\$745,836	\$931,325	\$1,089,965	\$1,517,836



Conservation Credit

An important benefit of the Agricultural Preserves Program is the agricultural classification of the enrolled property. This classification can provide a property tax savings, called conservation credit. Enrolled property is assessed for tax purposes according to its agricultural value, and an agricultural preserve tax rate is applied. The rate is equal to the “*tax capacity value multiplied by 105 percent of the previous year's statewide average tax rate levied by townships outside the metropolitan area*”. The property tax due is either the amount determined by this formula, or by the local tax rate for the city or township where the property is located, whichever is less.

In the program’s early years, the statewide average tax rate for non-metro townships was substantially less than local tax rates, resulting in sizable property tax savings. However, since 1998 the statewide average tax rate has increased to equal the local rates in some counties. The lowest rates applies, and if the local rate is used, the property tax savings is the minimum \$1.50 per acre.

Table 4 reflects both the Counties’ share of the fee, and the annual tax savings (conservation credit) from 1993 through 2004. The table shows that the metropolitan counties collect more in fees than they pay in tax credits, or savings to landowners enrolled in the program. The conservation credit decline reflects the program’s enrollment decline.

Table 4
PROGRAM TAX SAVINGS

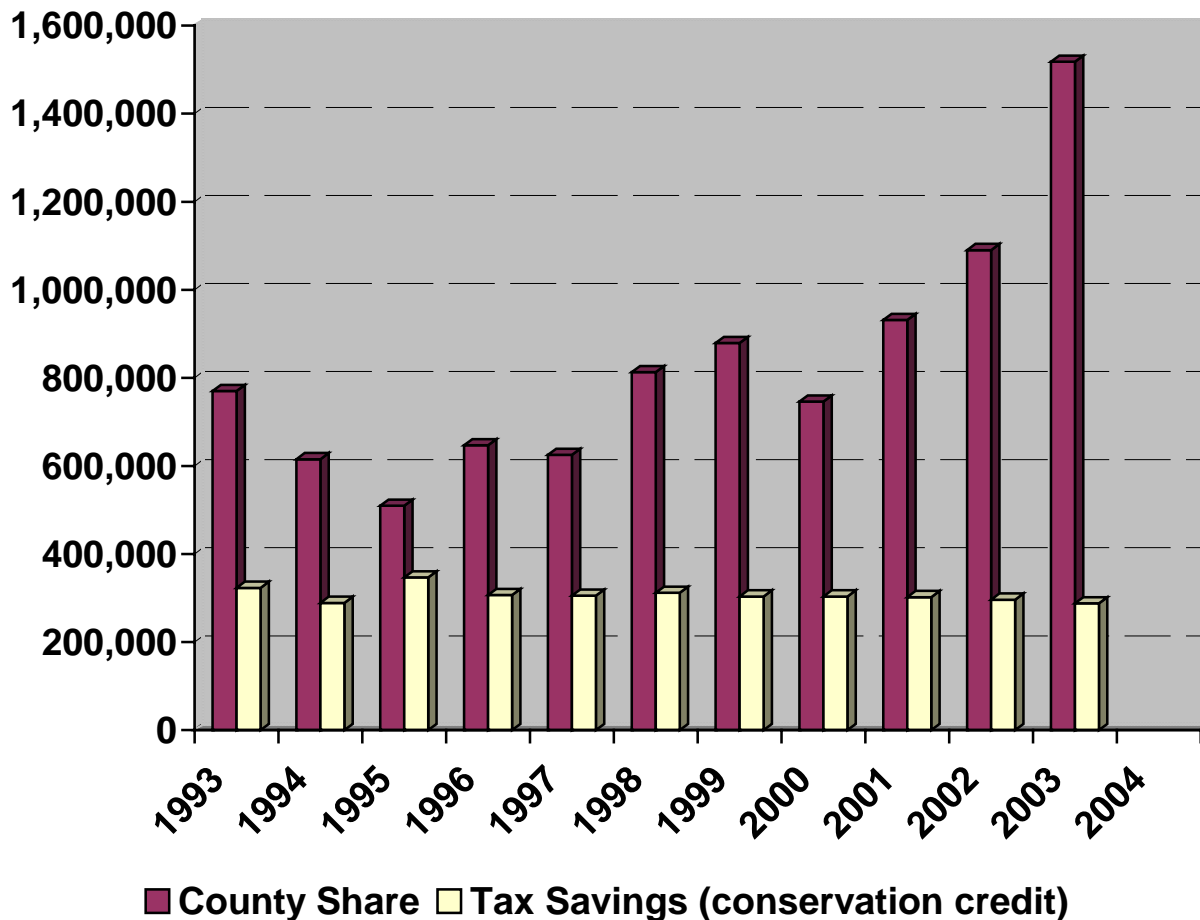


Table 5 summarizes the Agricultural Preserves Program funding and tax credit for each county for taxes payable in 2004. It shows the acres enrolled, the conservation credit, or tax savings, the County's share of the fee revenue, and the amount drawn from the State Conservation Fund.

Table 5
AG PRESERVES PROGRAM
2004 Funding and Tax Credit

Metropolitan Counties	2004 Land Enrolled (acres)	Total Conservation Credit	County Share of Fee CY 2003 (pay 04)	Draw from MN Conservation Fund
ANOKA	2,480	\$4,241.00	176,036	0
CARVER	95,835	\$144,631.00	52,948	\$90,550
DAKOTA	61,089	\$93,004.00	236,268	0
HENNEPIN	11,852	\$29,289.00	610,389	0
RAMSEY	0	0	223,301	0
SCOTT	7,388	\$11,558.00	82,266	0
WASHINGTON	8,871	\$13,304.00	136,628	0
METRO TOTAL	187,515	\$296,027.00	\$1,517,836	\$90,550

Twin Cities Metropolitan Area
**Metropolitan Agricultural Preserves
2004 Enrollment**

April 1, 2005

