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Regional

Report

**2005 METROPOLITAN  
AGRICULTURAL  
PRESERVES PROGRAM  
STATUS REPORT**

Twin Cities Metropolitan Area

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## **About the Metropolitan Agricultural Preserves Program**

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

The legislation's intent was to provide metropolitan area farmers the assurance that they can make long-term agricultural investments, and 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.

The Agricultural Preserve Program provides local governments 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 legislation directs the Council to prepare annual reports summarizing participation in the program, and to maintain maps illustrating lands covenanted as agricultural preserve. This report summarizes program enrollment as of the end of 2005.

## **Eligibility and Implementation**

The local authority, or the unit of government having planning and zoning authority, is responsible for implementing the Program's legislative requirements, including the application process and the Program's restrictions. The local authority maps long-term agricultural land in the local comprehensive plan, then establishes 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 landowners to complete applications and receive benefits.

## **Enrollment Process**

Enrollment in the Agricultural Preserves Program is voluntary. The enrollment form is a restrictive covenant, recorded with the property title, that specifies that the local government has classified certain lands as agriculture, and has certified land 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, and fruit.

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

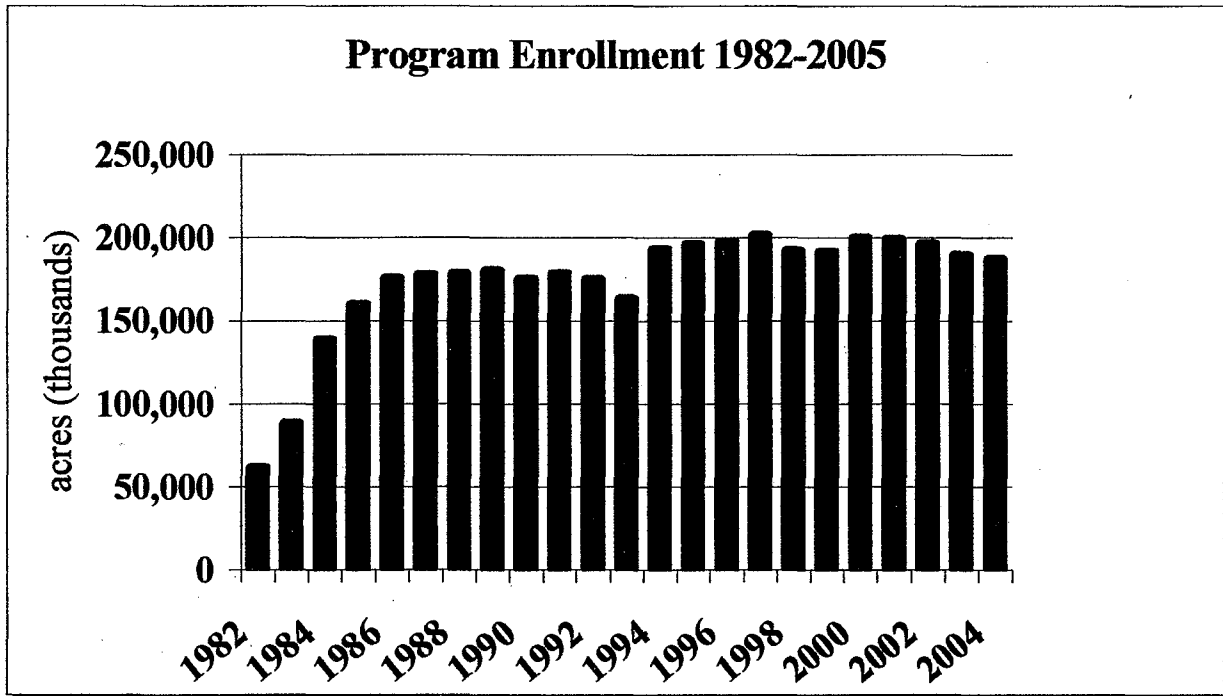
## Benefits

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 lowest tax rate applies, whether the special rate, or the local rate. The lower rate typically results in a reduced property tax, or a minimum savings of \$1.50 per acre.

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 additional procedures when a local authority initiates eminent domain proceedings over enrolled land more than ten acres in size.

## Enrollment

The Program's enrollment remains steady, with 189,200 acres enrolled a slight increase over 2004. The following chart shows program enrollment from 1983 through 2005. Of the seven metropolitan area counties, all but Ramsey have lands enrolled in the program. Anoka County has the fewest lands enrolled, about 2,500 acres, and this number continues to decline. Carver County continues to have the most land enrolled, just over 96,000 acres.



**Program Enrollment by County<sup>1</sup>**  
**For Taxes Payable 2005**

County Total	2005 Enroll	10-yr Comparison		
		2004 (last yr)	1995 (10-yr)	1995-2005 Inc/Dec
Anoka	2,549	2,480	3,302	Inc
Carver	96,115	95,835	96,100	Inc
Dakota	61,166	61,089	63,459	Dec
Hennepin	12,732	11,852	13,641	Dec
Scott	7,389	7,388	8,515	Inc
Washington	9,249	8,871	11,404	Dec
<b>Total</b>	<b>189,200</b>	<b>187,515</b>	<b>196,421</b>	<b>↓ 7,221</b>

**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, 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.

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.

The following table provides the Counties' \$2.50-share of the funds generated from the \$5.00 mortgage registration and deed transfer fee. The figures generally reflect property transfer activity.

	Pay 2000	Pay 2001	Pay 2002	Pay 2003	Pay 2004	Pay 2005
Anoka	\$104,613	\$94,446	\$113,593	\$136,837	\$176,036	147,724
Carver	28,215	25,440	33,228	36,815	52,948	38,418
Dakota	124,640	108,070	137,821	160,450	236,268	158,890
Hennepin	383,870	299,120	361,880	430,228	610,389	419,520
Ramsey	119,590	108,418	139,585	163,049	223,301	138,618
Scott	42,043	42,495	55,125	59,960	82,266	60,875
Wash	75,980	67,848	90,095	102,628	136,628	94,823
<b>Total</b>	<b>878,950</b>	<b>745,836</b>	<b>931,325</b>	<b>1,089,965</b>	<b>1,517,836</b>	<b>1,058,868</b>

<sup>1</sup> Minnesota Department of Revenue

## 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.

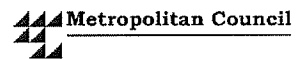
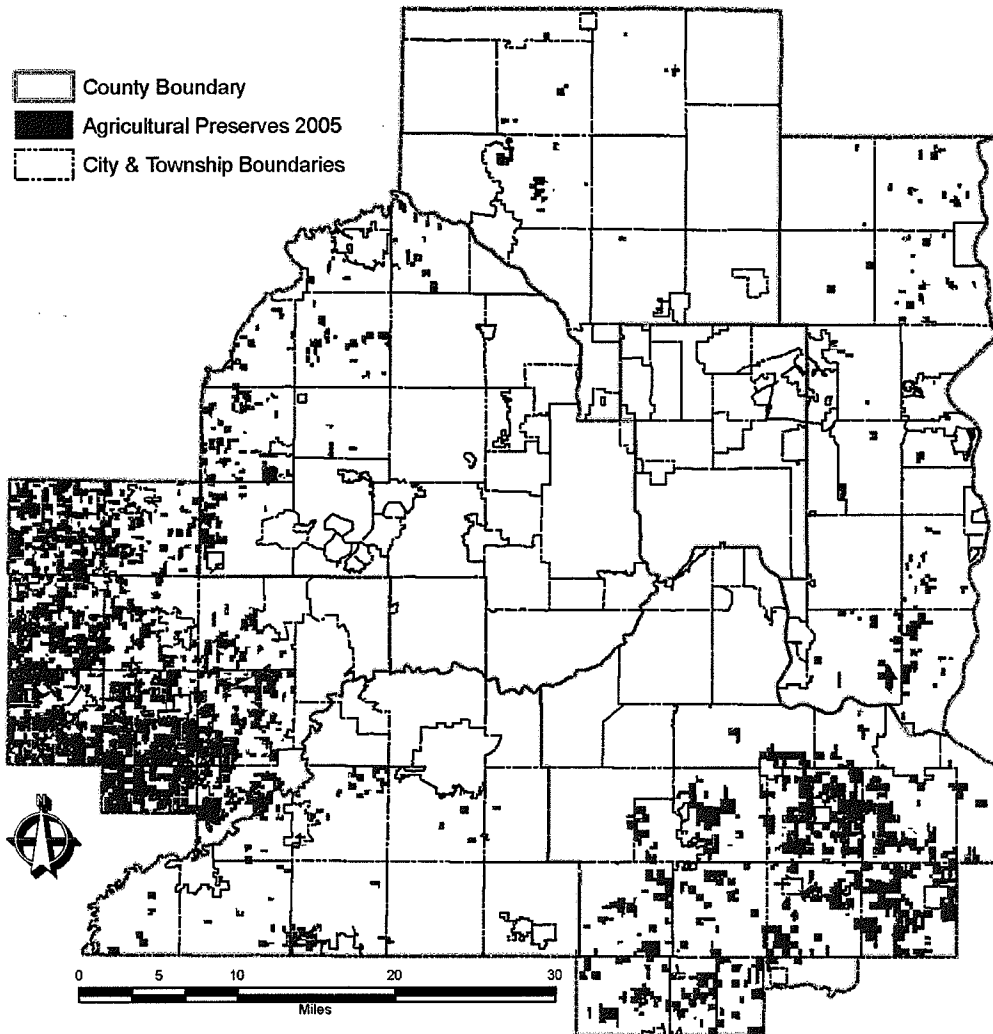
In the program's early years, the statewide average tax rate for non-metro townships was substantially less than local tax rates, resulting in greater property tax savings. However, since 1998 the statewide average tax rate has increased to an amount equal to the local rates in some counties. The legislation indicates that the tax due is based on the lowest of the two tax rates, with a minimum tax rate is \$1.50 per acre.

The following table 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. Carver County continues to lead the Agricultural Preserves Program's enrollment, with about 51 percent of the total acres enrolled.

### 2005 Program Funding and Tax Credit


Metropolitan Counties	2005 Land Enrolled (acres)	Conservation Credit (\$\$)	County Share of Fee (\$\$ pay 05)	Draw from MN Conservation Fund
ANOKA	2,549	3,824	147,724	0
CARVER	96,115	144,027	38,418	105,609
DAKOTA	61,166	91,912	158,890	0
HENNEPIN	12,732	26,137	419,520	0
RAMSEY	0	0	138,618	0
SCOTT	7,389	11,084	60,875	0
WASHINGTON	9,249	13,866	23,678	0
<b>METRO TOTAL</b>	<b>290,850</b>	<b>\$290,850</b>	<b>\$987,723</b>	<b>\$105,609</b>

*Twin Cities Metropolitna Area*  
**Metropolitan Agricultural Preserves**  
**2005 Enrollment**  
*May 17, 2006*



2005 Status Report

Participating metropolitan counties provided enrollment data as of December 31, 2005

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