# 2014 METROPOLITAN AGRICULTURAL PRESERVES PROGRAM STATUS REPORT

METROPOLITAN COUNCIL

March 2016

## The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region




The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

## Introduction to the Metropolitan Agricultural Preserves Program

Minnesota Statutes 473H established the Metropolitan Agricultural Preserves Program in 1980 to encourage and preserve areas planned and zoned for long-term agricultural use within the seven-county metropolitan area.

The report summarizes program enrollment as of December 31, 2013. The Metropolitan Council has monitored the program's participation since 1982, and has prepared annual reports to the Minnesota Legislature summarizing participation in the program and providing maps illustrating lands covenanted as agricultural preserves.

In the past, the Metropolitan Council staff worked with local governments to identify and map important agricultural areas as part of the local comprehensive plan. Local governments then certified by resolution these areas as eligible for enrollment in the program. Today, local governments have mapped areas eligible for agricultural preserves enrollment as part of the 2008 comprehensive plan update process.

The legislation intends to encourage the use and improvement of the metropolitan area's agricultural lands for producing food and other agricultural commodities. It establishes a local planning process to designate agricultural areas as a long-term land use, and provides benefits to maintain viable productive farm operations.

The legislation provides metropolitan area farmers the assurance that they can make long-term agricultural investments, and continue to produce crops on agricultural lands. In turn, the program's incentives support farming as a long-term land use, local food production, and the Twin Cities farming economy.

The Agricultural Preserves Program acknowledges the regional and local planning processes, and identifies a certification process to designate long-term agricultural lands as eligible for program enrollment. It links planning for agriculture to the local comprehensive plan and zoning ordinance, and requires local governments to certify these actions by resolution as a part of the application for enrollment. From a regional planning perspective, the certification process demonstrates the value of the locally certified lands as an indicator of agricultural areas that warrant the highest level of regional support.

## Eligibility and Implementation

The legislation directs the local authority, or the local government having planning and zoning authority, to implement the program and its requirements, the application process and the program restrictions. The legislation indicates that the local authority identifies long-term agricultural lands, and establishes zoning for these areas at a density of no more than one dwelling unit per forty acres. The local authority then certifies by resolution the areas eligible for enrollment, allowing landowners to apply.

## Benefits

Landowners enrolled in the program receive a number of benefits, including a special tax classification that results in reduced property taxes. The legislation requires that county assessors determine market value for property tax purposes on agricultural preserves properties based solely on the agricultural use and classification, without considering additional value from non-agricultural factors.

The legislation directs county assessors to calculate taxes using the lower of two assessment rates, the local tax rate, or a rate calculated as 105 percent of the previous year's statewide average tax rate for townships. The market value is multiplied by the net tax capacity to determine property taxes, and the net tax capacity is determined using the lower of these two rates. This generates a property tax savings, a program benefit known as a “conservation credit.” The conservation credit amounts range in value based upon local tax rates, but will be a minimum tax savings of $1.50 per acre.

The program prohibits special assessments for public improvement projects including sanitary sewer systems, storm water sewer systems, water systems, roads and other improvements. It prohibits local governments from enacting or enforcing ordinances or regulations that restrict normal farm practices. Finally, it requires local governments to follow specific procedures if an entity initiates annexation or eminent domain actions that affect agricultural preserve land over ten acres in size.

## Enrollment

The program is voluntary, and landowners typically work with the local authority to prepare enrollment applications, sign and notarize them and record the documents with the county. The legislation outlines a number of enrollment conditions, including a minimum property size. The program requires a minimum forty acres needed for program enrollment, but includes exceptions that recognize smaller parcels as eligible, for example, to accommodate smaller, non-contiguous parcels that are farmed as a unit.

The enrollment application is a restrictive covenant that includes the property’s legal description, notarized signatures, and an affidavit of the local authority certifying that the land is eligible for enrollment. The covenant is recorded with the property title at the county and remains effective if ownership changes.

The covenant requires that the agricultural preserve property be in an agricultural use as defined by statute, which includes the production for sale of livestock, dairy animals or products, poultry and products, horticulture, and fruit. The document states that the restrictive covenant remains in effect until the landowner, or the local authority, initiates an expiration notice. The covenant and benefits end eight years from the date the expiration notice is signed and recorded at the county.

Enrollment forms must be recorded at the county before June 1 of each year to receive property tax benefits payable the following year. Therefore, participants enrolling by June 1, 2014 see the property tax benefits reflected in the property tax statements for 2015.

The legislature established the program in 1980, and by 1983, over 88,000 acres were enrolled. The enrollment increased steadily in the years following 1983 until it peaked in 1997 at almost 202,000 acres. The enrollment decreased during the period from 1998 through 2009. However, enrollment has begun to rebound in the more recent years, from 2009 to 2013 to just over 209,000 acres. Currently the total acreage enrolled in the program represents an area about 327 square miles. From 2012 to 2013, the acres enrolled increased 1,440 acres from 207,897 in 2012 to 209,337 in 2013.

Table 1 shows the enrollment trend since 2009, and Table 2 shows the trend for annual enrollment from 2000 to 2008. The 2013 enrollment was by far the highest enrollment in the program since initiation and there was a slight decrease in acres enrolled in 2014.

**Table 1- 2009 to 2014 Enrollment Trends (acres) by County**

| | 2009 Enrolled | 2010 Enrolled | 2011 Enrolled | 2012 Enrolled | 2013 Enrolled | 2014 Enrolled | 2009-2014 Change | 2009-2014 % Change |
|---|---|---|---|---|---|---|---|---|
| **Anoka** | 1,520 | 1,591 | 1,313 | 1,196 | 1,205 | 1,210 | (310) | -20% |
| **Carver** | 93,271 | 98,337 | 101,576 | 106,352 | 107,376 | 108,558 | 15,287 | 16% |
| **Dakota** | 57,841 | 59,308 | 63,949 | 71,032 | 72,097 | 70,864 | 13,023 | 23% |
| **Hennepin** | 11,141 | 12,113 | 12,054 | 12,679 | 12,634 | 12,431 | 1,290 | 12% |
| **Ramsey** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Scott** | 7,193 | 7,332 | 8,300 | 8,729 | 8,584 | 8,674 | 1,481 | 21% |
| **Washington** | 8,932 | 8,227 | 7,923 | 7,909 | 7,441 | 7,453 | (1,479) | -17% |
| Total | **179,898** | **186,908** | **195,115** | **207,897** | **209,337** | **209,190** | **29,292** | **16%** |

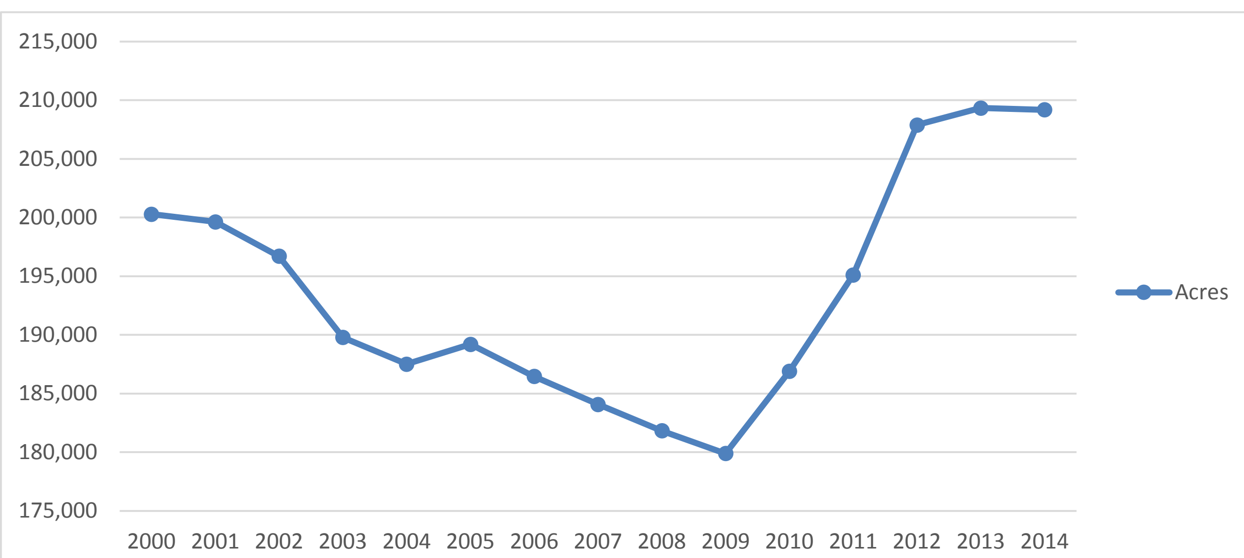
*Source: Minnesota Department of Revenue*

**Table 2- 2000 to 2008 Enrollment (acres) by County**

| County | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|
| **Anoka** | 3,026 | 2,855 | 2,706 | 2,636 | 2,480 | 2,549 | 2,139 | 2,104 | 1,793 |
| **Carver** | 100,995 | 101,266 | 101,065 | 96,371 | 95,835 | 96,115 | 94,621 | 93,518 | 93,739 |
| **Dakota** | 64,823 | 64,872 | 63,523 | 61,877 | 61,089 | 61,166 | 60,838 | 59,535 | 58,763 |
| **Hennepin** | 13,552 | 13,364 | 11,797 | 12,081 | 11,852 | 12,732 | 12,413 | 12,326 | 11,406 |
| **Scott** | 8,443 | 8,094 | 8,382 | 7,774 | 7,388 | 7,389 | 7,353 | 7,393 | 7,077 |
| **Washington** | 9,456 | 9,179 | 9,235 | 9,042 | 8,871 | 9,249 | 9,101 | 9,204 | 9,045 |
| **Total** | **200,295** | **199,630** | **196,708** | **189,781** | **187,515** | **189,200** | **186,456** | **184,080** | **181,823** |

*Source: Minnesota Department of Revenue*

**Figure 1- 2000 to 2014 Enrolled Acres Trend**



## Funding

The Agricultural Preserves Program is funded by a $5.00 fee collected by metro area counties on mortgage registrations and deed transfers (MRDT). Of the fee revenue, the counties retain half in a county conservation fund, and forward the remaining half to both the Minnesota Conservation Fund and to the State general fund, split equally. The county conservation fund revenue supplements the property tax credit that the program provides to participating landowners.

If the county conservation fund is not sufficient to reimburse the tax loss, counties may then draw from the state conservation fund. If the state conservation fund revenue is not sufficient, the state will appropriate the funding from the state's general fund.

The program legislation allows counties to use any remaining conservation revenues for agricultural land preservation or conservation planning activities each year. However, counties must transfer any unencumbered revenue back to the state each year.

Table 3 on the next page shows the program funding in 2014 and demonstrates that Carver County with 52% of the total acres enrolled pays the highest amount of conservation credit to program participants, and draws from the state conservation fund to pay the outstanding tax credits balance. For taxes payable 2014, Carver, Dakota, Scott and Washington counties drew funds from the state conservation fund to reimburse the county conservation credit paid to program participants.

**Table 3- 2014 Program Funding and Tax Credit Summary**

*Tax classification and valuation 2013 for taxes payable 2014*

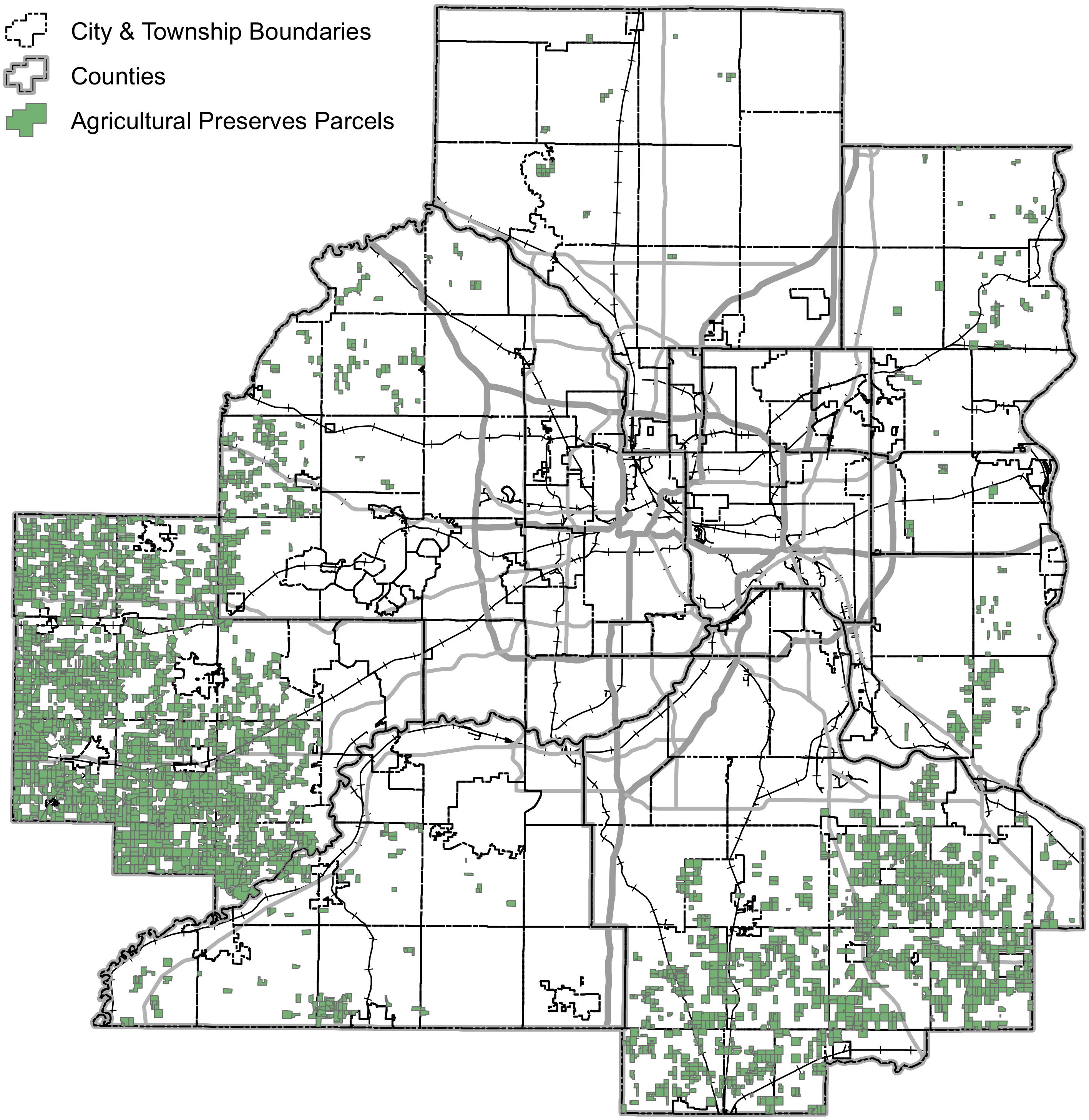
| | Enrolled 2014 (acres) | Total Conservation Credit($) 2014 | County Share MRDT Revenue($) | Reimbursed from State Conservation Fund($) | Remains in County Fund ($) |
|---|---|---|---|---|---|
| **Anoka** | 1,210 | $10,388 | $48,471 | 0 | 38,083 |
| **Carver** | 108,558 | $461,605 | $18,095 | 443,510 | 0 |
| **Dakota** | 70,864 | $273,314 | $36,318 | 236,996 | 0 |
| **Hennepin** | 12,431 | $176,365 | $177,543 | 0 | 1,178 |
| **Ramsey** | 0 | $0 | $81,630 | 0 | 81,630 |
| **Scott** | 8,674 | $28,109 | $19,837 | 8,272 | 0 |
| **Washington** | 7,453 | $121,617 | $39,478 | 82,139 | 0 |
| | **209,190** | **$1,071,398** | **$586,694** | **770,917** | **120,891** |

*Source: Minnesota Department of Revenue*

*Twin Cities Metropolitan Area*

# Metropolitan Agricultural Preserves Program
# 2014 Enrollment

*March 2016*



390 Robert Street North
Saint Paul, MN 55101-1805

651.602.1000
TTY 651.291.0904
public.info@metc.state.mn.us
metrocouncil.org

Follow us on:
twitter.com/metcouncilnews
facebook.com/MetropolitanCouncil
youtube.com/MetropolitanCouncil