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# Minnesota Agricultural Land Preservation Program

Legislative Report 2020 & 2021

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## Executive Summary

The Agricultural Land Preservation Policy Act of 1984 (MINN. STAT. Chap. 40A) provides for a statewide agricultural land preservation program consisting of:

- tools for agricultural land preservation at the local level, including guidelines for agricultural land preservation planning and official controls, voluntary “agricultural preserve” restrictive covenants, and property tax incentives for their creation
- a program to foster awareness of agricultural land preservation and conservation issues
- a program of technical and financial assistance to local government

The Minnesota Agricultural Land Preservation Program was established with the passage of the Agricultural Land Preservation Policy Act of 1984 (MINN. STAT. 40A). This legislation was preceded, in 1980, by legislation establishing the Metropolitan Agricultural Preserves Program (MINN. STAT. Chap. 473H). The statewide program was largely modeled after the metropolitan program.

Within the three participating counties (Waseca, Winona, and Wright), a total of 127,161 acres are protected by agricultural preserves covenants. As of 2021, the following acres are protected: 78,358 acres in Waseca County; 39,786 in Winona County; and 9,017 in Wright County. Together with the Metropolitan Agricultural Preserves Program (which has enrollment of 195,569 acres), a total of 322,730 acres are protected.

Minnesota Department of Agriculture (MDA) staff provide direct and ongoing technical support to local governments upon request and have advised and disseminated information on a wide variety of subjects relating to rural planning issues. Since the inception of the Minnesota Agricultural Land Preservation Program, staff have worked with over one-third of Minnesota’s counties in development of agricultural land preservation plans and implementing controls.

The MDA has expanded its awareness and assistance efforts to include services aimed to improve the economic viability of farming operations. These include:

- Minnesota FarmLink – a web-based tool connecting prospective farmers with retiring farmers
- Resources for Emerging Farmers – an online list of programs and services offered by the MDA, including grants and loans, the beginning farmer tax credit, and scholarships for farm business management education
- Technical assistance on planning and zoning issues concerning diversified agricultural operations in the urban fringe areas, including issues affecting emerging farmers

The MDA has no recommendations for funding or legislative changes at this time.

## Introduction

The Agricultural Land Preservation Policy Act of 1984 (MINN. STAT. Chap. 40A) provides for a statewide agricultural land preservation program consisting of:

- tools for agricultural land preservation at the local level, including guidelines for agricultural land preservation planning and official controls, voluntary “agricultural preserve” restrictive covenants, and property tax incentives for their creation
- a program to foster awareness of agricultural land preservation and conservation issues
- a program of technical and financial assistance to local government

This report is required by the Minnesota Legislature (MINN. STAT. 40A.17):

*“The commissioner shall report to the legislature on March 1 of every even year on activities under this chapter. By July 1, 1985, the report must include the survey of public awareness in the awareness program. The report shall include recommendations for funding levels and other necessary legislative action.”*

The report covers implementation activities undertaken in 2020 and 2021.

## Background

The Minnesota Agricultural Land Preservation Program was established with the passage of the Agricultural Land Preservation Policy Act of 1984 (MINN. STAT. Chap. 40A). This legislation was preceded, in 1980, by legislation establishing the Metropolitan Agricultural Preserves Program (MINN. STAT. Chap. 473H). The statewide program was largely modeled after the metropolitan program.

As set forth in the Act, the Commissioner of the Minnesota Department of Agriculture (MDA) selected five counties, based on selection criteria established in the law, to participate in a pilot program for county agricultural land preservation. The five pilot counties (Douglas, Kandiyohi, Waseca, Winona, and Wright) submitted their agricultural land preservation plans and proposed official implementing controls to the commissioner by the December 31, 1987, deadline (MINN. STAT. 40A.03). Grants of \$20,000 per county were provided to the five pilot counties in 1986. Program administration began with a pilot program as directed by the Agricultural Land Preservation Program Act. Three of those counties — Waseca, Winona, and Wright — established agricultural preserve programs that continue to this day. Douglas and Kandiyohi counties decided not to accept restrictive covenants due to concerns about long-term funding of the program.

Since January 1, 1987, any county located outside the Twin Cities metropolitan area is eligible to prepare a proposed agricultural land preservation plan and implementing controls under the program for the Commissioner of Agriculture’s review. Elements that must be addressed by county plans and official controls are detailed in the statutes. Counties adopting agricultural land preservation plans and implementing controls may offer agricultural preserves (an agricultural preserve is a restrictive covenant on qualifying land limiting its use to agriculture or forestry). In return, farmers receive property tax credits, protection for normal agricultural practices, and other benefits.

The basic framework to preservation embodied in the program is comprehensive land use planning and growth management, which is as a prerequisite to offering agricultural preserves and property tax credits to property owners. Only three counties have chosen to fully participate in the program and offer agricultural preserves. However, information on agricultural land preservation and its relationship to planning and implementation tools has been provided to most counties in Minnesota since 1984, and direct technical assistance has been provided to nearly half of the counties in the state.

## Overview

The Minnesota Agricultural Land Preservation Program is intended to protect farmland for future generations and to help farmers feel more confident in making long-term decisions. It is also intended to help avoid some of the problems associated with uncontrolled development of farm and forest lands. Limiting nonfarm rural development helps keep down public service costs paid by all taxpayers for such things as increased road maintenance, school transportation, and police and fire protection. Controlling such development also decreases the likelihood of conflicts between farmers and nonfarm residents over noise, dust, and odors produced by farming operations.

The central feature of the program is the “agricultural preserve,” a restrictive covenant on qualifying land limiting its use to agriculture or forestry. The Agricultural Land Preservation Program (MINN. STAT. 40A) makes it possible for owners of qualifying land to receive property tax credits of \$1.50 per acre per year, and other benefits as well, in return for agreeing to preserve their farms for long-term agricultural use. Property tax credits are funded by a surcharge on mortgage and deed recordings.

To be able to offer the benefits of agricultural preserves to property owners, a county must adopt, and have approved by the MDA, an agricultural land preservation plan and official controls (MINN. STAT. 40A.04–05). An agricultural land preservation plan is a part of a comprehensive land use plan that designates land for long-term agricultural use, while also providing for expected growth around urbanized areas. The official controls are land use regulations— usually zoning and subdivision provisions—that restrict uses to agriculture and require low residential densities (typically one dwelling unit per 40 acres) in areas designated for long-term agricultural use.

The Minnesota Agricultural Land Preservation Program statute also directs the MDA to administer programs of public awareness, technical assistance, and financial assistance.

The Public Awareness Program is to promote and increase public awareness of the need for agricultural land preservation and conservation and the consequences of resource degradation; the physical, environmental, and social factors that affect agricultural land use; and the availability and effectiveness of agricultural land preservation and conservation approaches and technologies (MINN. STAT. 40A.14). Under the Public Awareness Program, staff primarily work with local governments, elected officials, and the public to increase awareness of the program as well as issues regarding agricultural land preservation, planning, and growth management. This includes presentations, attending conferences, exhibiting program information, and answering inquiries on a day-to-day basis.

By statute (MINN. STAT. 40A.15), technical and financial assistance is to be for agricultural land preservation activities and to aid counties and municipalities in preparing agricultural land preservation plans and official controls. Since the pilot program, limited funding has been appropriated for financial assistance to counties. A

2001 Legislative Commission on Minnesota Resources (LCMR) grant provided funding for a GIS-based agricultural land preservation model that identified and prioritized lands to be preserved for agricultural use for Todd County. In addition, the Development Impact Assessment Model (DIAMaTR) was used by Todd County and the Region 5 Development Commission to study the local budgetary impact of alternative residential growth patterns, from compact to sprawling.

Staff provide direct and ongoing technical support to local governments upon request, including referral to other governmental or consulting services, presentations to governing and advisory bodies, review of plans and ordinances, and answering specific inquiries. In addition to assistance on agricultural land preservation, staff have advised and disseminated information on a wide variety of topics relating to rural planning issues, including budgetary impacts of “rural sprawl,” and land-use issues of animal agriculture. In recent years we have provided technical assistance on planning and zoning issues concerning diversified agricultural operations (value-added agriculture, such as processing of agricultural products, and agri-tourism) urban and peri-urban (urban fringe) agriculture, and issues affecting emerging farmers.

Since the inception of the Minnesota Agricultural Land Preservation Program, staff have worked with over one-third of Minnesota’s counties in development of agricultural land preservation plans and implementing controls.

## **Program Participation**

Within the three participating counties (Waseca, Winona, and Wright), a total of 127,161 acres are protected by agricultural preserves covenants. As of 2021, the following acres are protected: 78,358 acres in Waseca County; 39,786 in Winona County; and 9,017 in Wright County. Together with the Metropolitan Agricultural Preserves Program (which had enrollment of 195,569 acres), a total of 322,730 acres are protected.

Beginning in 1998, the program has experienced a modest decline in the number of acres protected due to decreased enrollments and increased expirations. Under MINN. STAT. 40A.11, the owner or county may initiate expiration of the agricultural preserve covenant. The covenant expires eight years after the expiration is initiated.

## **Conservation Credits and Funding**

One of the benefits received by owners of land with agricultural preserve restrictive covenants is a \$1.50 per acre property tax credit, or “conservation credit.” Additionally, local governments cannot enact ordinances or regulations that restrict or regulate normal agricultural practices; annexation proceedings affecting agricultural preserves are limited and must meet certain additional criteria; eminent domain proceedings are limited and subject to public and administrative review; and public sanitary sewer systems, public water systems, and public drainage systems are prohibited in agricultural preserves. Land in a preserve may not be assessed for public projects built in the vicinity of the preserve-covenanted property unless the project is necessary to serve land primarily in agricultural use or if the owner of the land chooses to use and benefit from the project

Agricultural preserve owners in the Twin Cities Metropolitan Area also receive a conservation credit. In the Metropolitan Area, 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), with a minimum tax rate of \$1.50 per acre. (Source: 2006 Metropolitan Agricultural Preserves Program Status Report)

Funding for the conservation credits is derived from a surcharge on mortgage and deed recordings. All seven Twin Cities metropolitan area counties and other counties participating in this program are required to charge a \$5.00 fee on each recording or registration of mortgages and deeds subject to the mortgage and deed taxes (this is called the “conservation fee”). One-half of the fee (\$2.50) is deposited in a special conservation account in the county general revenue fund and one-half (\$2.50) is transferred to the Commissioner of Revenue for deposit in the state treasury. One half of the money in the state treasury (\$1.25) is credited to the Minnesota Conservation Fund, and one-half (\$1.25) is credited to the general fund. Money from the county conservation account must be used to reimburse the county and taxing jurisdictions within the county for the agricultural preserves’ property tax credit. If the cost of the property tax credits exceeds funds available in the county conservation account, the county is reimbursed from the Minnesota Conservation Fund for the amount the tax credits exceed the county account (MINN. STAT. 40A.151–2). Any funds remaining in county conservation accounts after reimbursements must be spent for purposes specified in the statute or returned to the state.

Tables 1 and 2 show the revenue and credits reimbursed from the county conservation accounts in addition to the balance in the county conservation account and reimbursements made from the Minnesota Conservation Fund to the county. The Minnesota Department of Revenue paid the 2020 conservation credits for acres in agricultural preserves with the 2019 county conservation account revenue, and the 2021 conservation credits for acres in agricultural preserves with the 2020 county conservation account revenue. Beginning in 2017, the expenditures exceeded revenue to the Minnesota Conservation Fund, requiring expenditures from the state general fund as provided in statute.



**Table 1. 2020 County and State Conservation Accounts**

County	2020 Acres Enrolled	2019 County Conservation Account Revenue	2019 Minnesota Conservation Fund Revenue	Credits Reimbursed from County Accounts	Reimbursed from Minnesota Conservation Fund and State General Fund	Total Credits Paid	Funding Remaining in County Conservation Accounts After Reimbursements Made
<b>Greater MN:</b> Waseca	78,834	3,755	1,878	3,755	114,497	118,252	0
<b>Greater MN:</b> Winona	39,939	7,952	3,976	7,952	51,958	59,910	0
<b>Greater MN:</b> Wright	9,149	30,870	15,435	13,592	0	13,592	17,278
<b>Metro:</b> Anoka	616	55,783	27,891	4,370	0	4,370	51,413
<b>Metro:</b> Carver	101,118	22,435	11,217	22,435	153,306	175,741	0
<b>Metro:</b> Dakota	70,875	76,938	38,469	76,938	105,356	182,294	0
<b>Metro:</b> Hennepin	10,591	211,675	105,837	136,160	0	136,160	75,515
<b>Metro:</b> Ramsey	0	53,363	26,682	0	0	0	53,363
<b>Metro:</b> Scott	7,918	34,290	17,145	16,022	0	16,022	18,268
<b>Metro:</b> Washington	7,345	54,403	27,202	16,590	0	16,590	37,813
<b>TOTAL</b>	<b>326,385</b>	<b>\$551,464</b>	<b>\$275,732</b>	<b>\$297,813</b>	<b>\$425,116</b>	<b>\$722,931</b>	<b>\$253,651</b>

Note: Due to the balance of the Minnesota Conservation Fund, it was necessary to pay \$164,116 of the \$425,116 from the state general fund.

Source: Minnesota Department of Revenue

**Table 2. 2021 County and State Conservation Accounts**

County	2021 Acres Enrolled	2020 County Conservation Account Revenue	2020 Minnesota Conservation Fund Revenue	Credits Reimbursed from County Accounts	Reimbursed from Minnesota Conservation Fund and State General Fund	Total Credits Paid	Funding Remaining in County Conservation Accounts After Reimbursements Made
<b>Greater MN:</b> Waseca	78,358	4,485	2,243	4,485	113,053	117,538	0
<b>Greater MN:</b> Winona	39,786	9,408	4,704	9,408	50,273	59,681	0
<b>Greater MN:</b> Wright	9,017	44,020	22,010	13,395	0	13,395	30,625
<b>Metro:</b> Anoka	632	94,888	47,444	1,197	0	1,197	93,691
<b>Metro:</b> Carver	99,927	33,270	16,635	33,270	142,554	175,824	0
<b>Metro:</b> Dakota	68,577	106,885	53,442	106,885	32,915	139,800	0
<b>Metro:</b> Hennepin	10,463	261,513	130,757	119,170	0	119,170	142,343
<b>Metro:</b> Ramsey	0	80,391	40,195	0	0	0	80,391
<b>Metro:</b> Scott	8,716	72,528	36,264	13,084	0	13,084	59,444
<b>Metro:</b> Washington	7,254	77,125	38,562	14,611	0	14,611	62,514
<b>TOTAL</b>	<b>322,730</b>	<b>\$784,513</b>	<b>\$392,256</b>	<b>\$315,504</b>	<b>\$338,795</b>	<b>\$654,299</b>	<b>\$469,009</b>

Note: Due to the balance of the Minnesota Conservation Fund, it was necessary to pay \$52,998 of the \$338,795 from the state general fund.

Source: Minnesota Department of Revenue

## 2020 and 2021 Activities

In addition to routine work, recent activities have aimed to improve the economic viability of farming operations. These include:

- Updating Minnesota FarmLink, the web-based tool that connects beginning farmers who are looking for land, farming operations, or mentors, with retiring farmers and landowners who want to see their farms or farming operations continue
- Establishing the Emerging Farmers Working Group (EFWG) in 2020 to advise the MDA and legislature on implementing programs and initiatives that support emerging farmers in the state
- Creating a new Emerging Farmer Coordinator position to lead the EFWG and engage with emerging farmers about the programs and services offered by the MDA, including grants and loans; the beginning farmer tax credit; and scholarships for farm business management education
- Providing technical assistance on planning and zoning issues concerning diversified agricultural operations in the urban fringe areas, including issues affecting emerging farmers

## Assessment of the Public’s Awareness of the Agriculture Land Preservation Program

An evaluation of the program was conducted through the 1997 LCMR project, “Reinventing Agricultural Land Preservation Program.” The *Evaluation of Minnesota Agricultural Land Preservation Programs* indicated that many of the Awareness and Assistance Program efforts have had a widespread and positive influence on counties which has resulted in plans and controls that emphasize the importance of agricultural land preservation and protection. In addition, it showed that 13.5 million acres of agricultural land in 45 counties were protected for long-term agricultural use by limiting residential density and 17 counties had agricultural zoning ordinances which had been in existence since 1990. Data collected in that survey indicates that 45 counties have agricultural zoning that utilizes a density limitation of one dwelling unit per 20 acres or less, and 41 counties have agricultural zoning that utilizes a density limitation of one dwelling unit per 40 acres or less. Land in Minnesota with a density limitation of one dwelling unit per 20 acres or less comprises an estimated 13.5 million acres. Land with a density limitation of one dwelling unit per 40 acres or less comprises an estimated 12.4 million acres.

In 2010, staff conducted an informal survey of county commissioners and producers to determine where the Agricultural Land Use Technical Assistance Program should focus its outreach to increase awareness of farmland preservation and protection programs, techniques, and efforts. The results indicated a higher awareness among the county commissioners of Minnesota’s Agricultural Property Tax Law (commonly known as “Green Acres”) than the Minnesota Agricultural Land Preservation Program. The results also indicated a preference among producers for “right-to-farm” ordinances as a method for protecting farmland.

## External Evaluations of the Minnesota Agricultural Land Preservation Program

In January 2008, the Office of the Legislative Auditor released an Evaluation Report titled "[Green Acres](#)" and [Agricultural Land Preservation Programs](#), which includes an evaluation of the Minnesota Agricultural Land Preservation Program.

The Farmers' Legal Action Group, Inc. (FLAG) issued a report in 2012 entitled, [Preserving Minnesota's Agricultural Land: Proposed Policy Solutions](#).

## Recommendations for Funding Levels and Legislative Action

The MDA has no recommendations for funding or legislative changes at this time.