



Minnesota Agricultural Land Preservation Program

Legislative Report 2022 & 2023

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Executive Summary

The Agricultural Land Preservation Policy Act of 1984 (MINN. STAT. Chap. 40A) established the Minnesota Agricultural Land Preservation Program, a statewide 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; and
- A program of technical and financial assistance to local government.

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 counties currently participating in the Minnesota Agricultural Land Preservation Program (Waseca, Winona, and Wright), a total of 126,020 acres are protected by agricultural preserves covenants. As of 2023, the following acres are protected: 79,023 acres in Waseca County; 38,046 in Winona County; and 8,951 in Wright County. Together with the Metropolitan Agricultural Preserves Program (which has enrollment of 192,271 acres), a total of 318,291 acres are protected.

Minnesota Department of Agriculture (MDA) staff provide direct and ongoing land preservation 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.

Additionally, the MDA has expanded its awareness and assistance efforts to include services aimed to improve the economic viability of farming operations and keep farmers on farmland. These include:

- Updates to Minnesota FarmLink website — an online tool connecting prospective farmers with retiring farmers, buyers with sellers, renters with landowners, and more.
- Resources for Emerging Farmers — an online list of programs and services offered by the MDA, including grants and loans, the Beginning Farmer Tax Credit, the Down Payment Assistance Program, and scholarships for farm business management education.
- Outreach to farmers and local governments to discuss concerns and increase awareness of technical assistance and other resources available.

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; and
- 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 the calendar years of 2022 and 2023.

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 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. 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 implement 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 Minnesota Agricultural Land Preservation Program makes it possible for owners of qualifying land to receive property tax credits of \$1.50 per acre per year, and other benefits, 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 an MDA-approved 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 promotes and increases 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, farmland owners, and the public to increase awareness of the program as well as issues regarding agricultural land preservation, planning, and growth management. This includes giving presentations, attending conferences, exhibiting program information, and answering inquiries on a day-to-day basis.

By statute (MINN. STAT. 40A.15), MDA 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 Geographic Information System (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 referrals to other governmental or consulting services, presentations to governing and advisory bodies, reviews 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, MDA staff have provided technical assistance on planning and zoning issues concerning diversified agricultural operations; value-added agriculture, such as processing of agricultural products and agritourism; 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 counties currently participating in the Minnesota Agricultural Land Preservation Program (Waseca, Winona, and Wright), a total of 126,020 acres are protected by agricultural preserves covenants. As of 2023, the following acres are protected:

- 79,023 acres in Waseca County
- 38,046 in Winona County
- 8,951 in Wright County

Together with the Metropolitan Agricultural Preserves Program (which has enrollment of 192,271 acres), a total of 318,291 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. Owners or counties may initiate expiration of an agricultural preserve covenant, which expires eight years after the expiration is initiated (Minn. Stat. 40A.11).

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 Metropolitan Agricultural Preserves Program also receive a conservation credit. In the metropolitan program, 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 counties in the Metropolitan Agricultural Preserves Program and the three counties participating in Minnesota Agricultural Land Preservation 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 the other 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 (pg. 6 and 7) 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 2022 conservation credits for acres in agricultural preserves with the 2021 county conservation account revenue and the 2023 conservation credits for acres in agricultural preserves with the 2022 county conservation account revenue. From 2017 to 2021, the expenditures exceeded revenue to the Minnesota Conservation Fund, requiring expenditures from the state general fund as provided in statute. In 2022 and 2023, the conservation fund was able to fully pay for the tax credits, and no general funds were needed.

Table 1. 2022 County and State Conservation Accounts

County	2022 Acres Enrolled	2021 County Conservation Account Revenue	2021 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
Greater MN: Waseca	77,725	\$4,508	\$2,254	\$4,508	\$112,080	\$116,588	\$0
Greater MN: Winona	38,459	\$10,033	\$5,017	\$10,033	\$47,656	\$57,689	\$0
Greater MN: Wright	8,986	\$60,050	\$30,025	\$13,360	\$0	\$13,360	\$46,690
Metro: Anoka	593	\$101,728	\$50,864	\$877	\$0	\$877	\$100,851
Metro: Carver	99,372	\$34,520	\$17,260	\$34,520	\$119,537	\$154,057	\$0
Metro: Dakota	69,401	\$118,454	\$59,227	\$118,454	\$16,408	\$134,862	\$0
Metro: Hennepin	10,347	\$324,805	\$162,403	\$113,361	\$0	\$113,361	\$211,444
Metro: Ramsey	0	\$98,843	\$49,422	\$0	\$0	\$0	\$98,843
Metro: Scott	8,717	\$44,928	\$22,464	\$13,076	\$0	\$13,076	\$31,852
Metro: Washington	6,945	\$81,910	\$40,955	\$14,801	\$0	\$14,801	\$67,109
TOTAL	320,545	\$879,779	\$439,890	\$322,990	\$295,681	\$618,671	\$556,789

Note: The full amount was paid from the state conservation fund, with nothing paid from the state general fund.

Source: Minnesota Department of Revenue

Table 2. 2023 County and State Conservation Accounts

County	2023 Acres Enrolled	2022 County Conservation Account Revenue	2022 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
Greater MN: Waseca	79,023	\$3,412	\$1,706	\$3,412	\$114,112	\$117,524	\$0
Greater MN: Winona	38,046	\$7,683	\$3,842	\$7,683	\$49,387	\$57,070	\$0
Greater MN: Wright	8,951	\$30,818	\$15,409	\$12,951	\$0	\$12,951	\$17,867
Metro: Anoka	468	\$61,021	\$30,511	\$708	\$0	\$708	\$60,312
Metro: Carver	98,757	\$21,203	\$10,602	\$21,203	\$126,934	\$148,137	\$0
Metro: Dakota	68,277	\$69,753	\$34,877	\$69,753	\$36,991	\$106,744	\$0
Metro: Hennepin	9,525	\$193,975	\$96,985	\$60,855	\$0	\$60,855	\$133,120
Metro: Ramsey	0	\$69,336	\$34,668	\$0	\$0	\$0	\$69,336
Metro: Scott	8,610	\$26,030	\$13,015	\$12,916	\$0	\$12,916	\$13,115
Metro: Washington	6,633	\$50,640	\$25,320	\$9,950	\$0	\$9,950	\$40,690
TOTAL	318,291	\$533,871	\$266,935	\$199,431	\$327,424	\$526,855	\$334,440

Note: The full amount was paid from the state conservation fund, with nothing paid from the state general fund.

Source: Minnesota Department of Revenue

2022 and 2023 Activities

In addition to routine work, recent activities have focused on engaging with stakeholders to evaluate the state of farmland preservation in Minnesota and identify opportunities for improvement. These include:

- Hosting listening sessions with key organizational partners to gather ideas for action and investment to preserve farmland.
- Assisting in the planning and facilitation of the Upper Midwest Farmland Summit, which convened farm leaders, policymakers, and practitioners from around the Upper Midwest to dig into critical challenges and opportunities related to farmland access and transfer.
- Updating Minnesota FarmLink, the online 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.
- Expanding the Emerging Farmers Office from one to three staff to have the capacity to provide more technical assistance and grants tailored to the needs of the various emerging farmers in the state, whose #1 need is access to land.
- Starting an outreach campaign to meet with local governments, farmers, and conservation groups about the importance of preserving farmland and how they can get involved.

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.” This evaluation indicated that many of the Minnesota Agricultural Land Preservation Program’s 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. Evaluation data collected through surveys 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 comprised an estimated 13.5 million acres. Land with a density limitation of one dwelling unit per 40 acres or less comprised an estimated 12.4 million acres.

In 2010, MDA 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 high 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.

In February of 2023, MDA staff worked with Management Analysis and Development consultants from the Minnesota Management and Budget (MMB) agency to hold two listening sessions with key organizational partners. The purpose was to gain a deeper understanding of the perspectives of multiple stakeholders and to gather ideas for action and investment to preserve agricultural land in Minnesota. Nearly 40 key stakeholders participated, and the number one priority identified was for the MDA to do more outreach, education, and engagement with local governments, farmers, landowners, and conservation partners. As a result, the MDA has launched a three-year outreach campaign to engage with communities seeing the highest rates of farmland lost to development.

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.