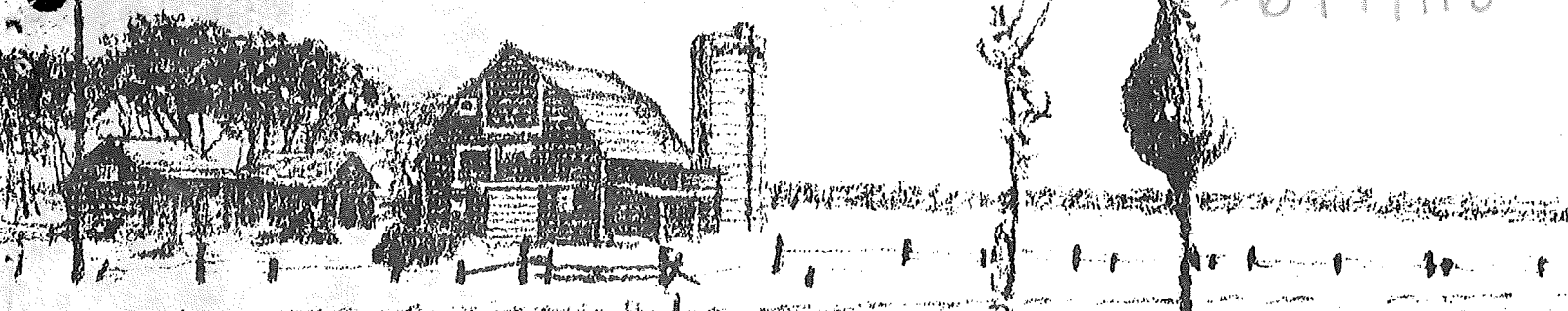


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preservation of farmland:
a position paper
by
minnesota department
of agriculture

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March, 1977



LAND OF QUALITY FOODS

STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

STATE OFFICE BUILDING

SAINT PAUL, MINN. 55155

²⁰ A POSITION PAPER ON THE PRESERVATION OF FARMLAND. --

³ 27 P'

Prepared by
State of Minnesota
Department of Agriculture

²⁰ February, 1977. --

²⁶ Doc. 1811/76.

I. The Importance of Agriculture and Preserving Farmland in Minnesota:

A. Agriculture is the major industry in Minnesota. All Minnesotans are affected by agriculture. Indeed, the total farming and agribusiness community in Minnesota represents about 45 percent of the state's total economy.

Throughout most of American history, land--particularly farmland--was viewed almost as limitless. Even as late as the 1960's, little concern was raised over the loss of farmland to leap-frog urban development, highways, and other types of encroachment.

We know now that farmland is a limited resource. Prime agricultural land has to be preserved. Today, an average acre of Minnesota farmland has the capacity to feed approximately 260 Americans for an entire year.

B. Projections indicate that Minnesota may be required to harvest roughly 23 million acres by 1990 to meet world food needs and retain its present position as a substantial supplier of crop products to the United States and world markets. These projections are based on continued high export demands, population



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growth, and moderate increases in yields of planted acres.

From 1972 to 1974, Minnesota harvested an average of about 18.3 million acres annually. Since it is estimated that Minnesota will have a cropland base of approximately 23 million acres in 1990, our state will have to utilize almost every available acre. If planted acres are considered and allowance is made for a certain percentage of crop failure, quite clearly Minnesota will be hard pressed to meet its increased responsibility as a food supplier.

C. From 1940 to 1972, U. S. crop output has increased almost 70 percent on a dwindling land base. At the same time, labor inputs fell by two-thirds. This increased productivity can be attributed primarily to technological advances and improved management techniques. For example, fertilizer use has increased nearly nine fold. Similarly, mechanical power and machinery inputs have grown by 237 percent. But we can no longer rely quite so heavily on inputs requiring increased energy use to raise production. As energy and petroleum related products become increasingly scarce, agriculture will have to depend more on improved crop varieties, improved management, and an increase in the number of acres put under the plow.

Since 1950, Minnesota has lost 2.9 million acres of agricultural land. This loss averages about 150,000 annually. New industrial development in Minnesota brings with it new jobs and an increased diffusion of the populace from urban to rural locations. Housing facilities built to accommodate this displaced population necessitate retail outlets, service centers and improved public services. Importantly, the land used to provide these services is invariably taken from agricultural land. Too often agricultural land is considered as undeveloped land rather than what it actually is -- land already developed for agricultural production.

D. As the land which once supplied abundant crop yields goes through these stages of urban development, the costs incurred by local government correspondingly increase. The single family home built on a small parcel of land purchased from a farmer paves the way for the new neighborhood. The out-migration of businesses looking for inexpensive land on which to build their facilities brings with it people looking for jobs. The establishment of neighborhoods and residential complexes attract even more people. In any case, the presence of increasing numbers of people inevitably leads to a demand for sewers, improved highways, new educational facilities, and a variety of service centers. The rural farm town which was formerly the center of agricultural activity is suddenly catapulted into a situation which demands effective administration of a burgeoning suburbia. Inexpensive land becomes an item in short supply. The crowding and the high taxes many people sought to escape by moving outward suddenly reappear as resident demands for services increase. But the costs incurred for providing these services is not shouldered solely by the newly arrived urban migrants. The farmer, who for years lived comfortably with the available facilities, is suddenly paying taxes on the sewage lines which run in front of his land. The increased cost of government which results from urban incursion results in added tax burdens for many farmers.

II. The State of the Art: Attempts by Other States to Preserve Their Farmland:

A. In an attempt to solve this critical problem, many states have enacted legislation to preserve agricultural land. Some thirty-three states presently have agricultural land preservation statutes on the books.

There are a great variety of approaches which have been taken by the various states. These approaches can be grouped into five broad categories. With each of these broad approaches, there are many different techniques which have been used with varying degrees of success. All of the management methods for preserving agricultural land include techniques that either directly or indirectly affect land use.

The following is a summary of the major categories and some of the specific techniques presently being utilized:

1) Taxation:

- a. Property Tax - farmland use value assessment, e.g., the historic tax legislation starting with the passage of the Tax Reform Act in 1971 by the Minnesota State Legislature.
- b. Income Tax
- c. Inheritance Taxes
- d. Sales Taxes
- e. Capital Gains Taxes
- f. Gasoline Taxes

2) Public Regulation:

- a. Zoning Ordinances - agricultural, planned unit development, clustering, conservation districts--like the New York plan.
- b. Subdivision Regulations
- c. Codes - Health, Housing, Plumbing, Electrical, Fire
- d. Pollution Control Regulations, EPA

3) Subsidies:

- a. Cash Payments
- b. Tax Incentives

- c. Below Market Credit and lower interest rates
- d. Regulatory practices that alter market prices

4) Public Investment:

- a. Roads, Interstate Highways
- b. Railroad Abandonment
- c. Water Supply
- d. Sewer System
- e. Solid Waste Disposal
- f. Power
- g. Public Facilities - parks, hospitals, etc.

5) Public Ownership:

- a. Easements or restrictive covenants
- b. Development rights
- c. Transferable development rights
- d. Outright purchase and lease-back arrangements,
like the Saskatchewan Plan

B. Of the 33 plans presently in use, seven approaches, summarized in Chart I below, are good examples of what is being done around the country to preserve agricultural land:

1. The State of Maryland, for example, adopted a preferential assessment policy in 1956. The law, which was amended in 1960, bases taxation on current use values. The types of land which the legislation was designed to protect include agricultural lands, woodlands, country club land, and planned development. The eligibility standards and procedures for securing such classification are different for each type of land. Assessments are based upon current use values set by the State Department of Assessment and Taxation.

2. The Connecticut Legislature passed a law providing for differential assessment of farmland, forest land, and open space land in 1963. Eligibility for differential assessment is determined by the local assessor. In 1972, a conveyance tax was instituted which amounts to 10% of the sale price in the first year, 9% in the second year, and so on. An individual receiving a differential tax assessment and subsequently selling his property for development is liable for the repayment of this conveyance tax for a period up to 10 years.
3. New Jersey's Farmland Assessment Act of 1964 provides a deferred tax on agricultural and horticultural lands. Minimum requirements for eligibility include ownership of at least five acres and an income of \$500 from the land. Local assessors determine the value of the land by using a range of values formulated by the State Farmland Advisory Committee. Should the use of the land change, the owner is responsible for the payment of a rollback tax which is calculated on the basis of difference between any special assessment and the market value for the current and preceding two years.
4. New York enacted two land use laws in 1971. The first provides for a five year property tax exemption for new farm buildings and the second enables landowners to form agricultural districts. A group of farmers owning a total of at least 500 acres may initiate the process at the county level by which an agricultural district is created. The Commissioner of Agriculture may also create an agricultural district for unique and/or irreplaceable lands. Participation in a district requires an eight year commitment on the part of the farmer in return for Assessment values. A change of use during the eight year dedication period results in the imposition of a rollback tax upon the farmer.

5. The Hawaii Legislature set statewide standards for the regulation of agricultural lands in 1973. All land in the state was placed into urban, rural agricultural, or conservation districts. All farmland under cultivation is taxed according to an agricultural use value. Cropland not being used for agricultural purposes is taxed at its highest and best use value. A conversion of the land from agricultural to another use results in a rollback tax. In addition, the law provides for a 10 or 20 year dedication of land to agriculture. A 20 year dedication results in a 50 percent tax reduction for the farmer.

6. California's Williamson Act of 1965 provides a differential tax scheme for agricultural lands. The eligibility requirements for participation in this program is \$200 per acre in unprocessed plant production. Participation in the plan is premised upon a 10 year dedication and land values as determined by the local assessors.

7. An act passed by the Massachusetts Legislature in 1973 provides for a tax assessment based upon agricultural or horticultural use. Requirements for participation in this program demand that the land has been farmed for the 2 years prior to application; that at least 5 acres of land be owned; and that yields provide gross income of not less than \$500. A valuation advisory committee annually promulgates a range of values upon which local officials base their assessments. There are two penalties for which the landowner is liable if he converts his land to another use. The first is a conveyance tax - effective for 10 years. The second is a 5 year rollback tax.

CHART I

	Preferential Assessment	Punitive Rollback Tax	Voluntary Participation Transfer Tax	Agricultural Zoning	Development Credit	5 - 10 Year Dedication	11 - 20 Year Dedication	Local Assessment	State Assessment
Maryland	X		X						X
Connecticut	X		X	X				X	
New Jersey	X	X	X			X			X
New York	X	X	X			X			X
Hawaii	X	X			X		X		X
California	X	X	X			X		X	
Massachusetts	X	X	X	X		X			X

C. As indicated by Chart I, the preferential assessment technique is by far the most popular approach to this problem. Thirty states presently are using this technique in one form or another. The degree of success these thirty programs are experiencing varies widely. None have proven to be completely successful. In some instances - California for example - it is possible that preferred assessment may even be an encouraging speculation.

D. Some of the other techniques which have been used include exclusive agricultural zoning, public transfer of development rights, public fee simple purchase and leaseback, and public purchase of development rights.

1. Exclusive agricultural zoning involves the use of the state's police power to create districts in which farming is the only permitted use. Owners of farmland are not compensated for the restrictions placed on the use of their land. In semi-suburban areas where land prices are high, use of the police power to place farmland in a "forever agriculture" use district may constitute an unconstitutional taking of property without just compensation. Also, past experience with the political aspects of zoning seriously reduces the likelihood of public acceptance of exclusive agricultural zoning. While exclusive agricultural zoning has achieved some degree of success in Hawaii, it is doubtful that it would be a feasible means of preserving farmland in semi-suburban areas of more spacious states.

2. "Transfer of development rights" is a technique which has recently received attention as a means of preserving farmland. Basically, transferable development rights work as follows: A planning agency partitions a community into two areas: first, an area which is to be preserved or restricted to low intensity uses; and second, a transfer area where intensive development will be permitted. The agency then gives the landowners in the preserved area development rights - making development within the transfer area conditioned upon the purchase of those rights. A development right becomes one of the numerous rights included in the ownership of real estate such as mineral rights, or the right to travel across another's property. A development right is the right that permits the owner to build

upon or develop his land. An owner may sell all of his rights to develop his land, and these rights may be bought and sold by persons other than the owner who still retains property rights for nonintensive uses. The transfer of development rights is essentially a system that identifies a right to develop and creates a market for such development rights. But such a system does not adequately address the landowner compensation issue. In addition, it provides no mechanism for eliminating the farm property and estate taxation problems, and it would be difficult to administer. Therefore, government supervised transfer of development rights does not appear to be a practical means of preserving farmland in semi-suburban areas.

3. "Fee simple purchase and leaseback" is another approach that has recently received attention as a means of preserving farmland. The major drawbacks with this approach are that it is costly. Moreover, it changes the status of the farm owner-operator to that of tenant. Also, government redtape, regulations, and uncertainty involved in administering a leaseback program might not be conducive to efficient farming. For these reasons, public fee simple purchase and leaseback is not likely to be a feasible means of preserving farmland in the semi-suburbs. "Development rights purchase" is a farmland preservation program recently implemented in Suffolk County, New York. New Jersey has also set up a demonstration program involving the purchase of development easements. The government purchases development rights on farmland, leaving the agricultural rights with the landowner. After some operational experience, it may prove to have possibilities as an effective tool for preserving agricultural land.

III. Minnesota's Attempt to Preserve Farmland -- "Green Acres":

- A. The State of Minnesota first acted to protect farmland from urban-industrial development in 1967. The result of that action was the "Green Acres" Law of 1967.
- B. The intent of the 1967 Minnesota Legislature was to equalize the "tax burdens upon agricultural property within this state through appropriate taxing measures". The law provides that all qualifying farmland would be assessed at its agricultural value and not at its market value. The qualifications for this valuation and tax deferral are:
1. The real estate must consist of at least ten acres or more.
 2. The real estate must be the homestead or thereafter become the homestead of a surviving spouse, child, or sibling of the owner or be farmed with the real estate which contains the homestead property.
 3. The real estate must have been in the possession of the applicant, spouse, parent, or sibling for a period of at least seven years prior to application;
 4. The agricultural land, adaptable for development but abutting a lake shoreline, cannot qualify for a distance of 20 rods from the shoreline.
 5. At least 1/3 of the total family income of the owner must be derived from the property's agricultural use or the total production income (including rental income but not federal program payments) must be at least \$300 plus \$10 per tillable acre.
 6. Horticultural and nursery stock will be considered agricultural products.

7. Sloughs, wastelands, and woodlands adjacent to qualifying agricultural land are eligible for inclusion of under the same ownership and management.
- C. Minnesota's "Green Acres" Act provides the qualifying farm property owners with preferential tax treatment. The value of the qualifying property shall be "determined solely with reference to its appropriate agricultural classification and value". In addition, the law provides for the deferment of taxes and assessment of qualifying property until such time as the property is sold or removed from agricultural use. The farmer continues to receive these tax advantages as long as he continues to meet the initial requirements for qualification or until the property is sold. If the land is sold, the new landowner, whether he be a farmer or a developer, cannot qualify for these tax advantages because he has not owned the property the required seven years.
- D. When land no longer qualifies for the "Green Acres" tax incentives, the portion sold is subject to additional taxes equal to the difference between the taxes determined under the "Green Acres" agricultural use assessment and the amount determined under the market value assessment. However, these additional taxes are due for only the last three years of preferential assessment and cannot exceed the sale price of the property.
- E. The intent of this law was to provide relief from one of the pressures brought to bear upon farmers in the urban expansion areas of the state -- namely, the pressure of skyrocketing assessed valuation and monumental tax bills. The Minnesota farmer faced a continually increasing tax burden as expanding development demands increased services from local

government. This went hand-in-hand with the reassessment of farmland from its former farming use to its potential development use. Frederick Stocker wrote in The Farm Cost Situation:

. . .Property taxes are a fixed cost of agricultural production. The owner's tax bill does not vary with the price of the farm products. Even if he allows his land to lie idle, his taxes are not affected, in the short run at least. Moreover, the farmer is likely to feel particularly helpless in the face of his rising property taxes because, unlike other costs that are subject to his personal control, property taxes are generated largely by the will of the community. Finally, opportunities for 'shifting' the property tax is limited. Because the farmer typically sells his product in a market in which his individual influence is negligible, he cannot pass the tax onto the consumer in the form of higher prices.

F. In essence, then, the Minnesota "Green Acres" Act addresses the problem of the loss of agricultural land through a tax incentive approach. Through preferential land assessment, the State of Minnesota had hoped to make it more advantageous for a farmer to remain on the land producing than for him to sell the land for speculation and/or urban development.

IV. "Green Acres": Why It Is Not Working:

A. Unfortunately, the "Green Acres" Act has not been as successful as its proponents had anticipated. There is evidence that the program is not effectively helping stem the tide of sprawling suburbia by inducing farmers to keep their land in production. "Green Acres" apparent inadequacy can be primarily attributed to two factors. The first

involves loopholes in the law. The second involves the limited scope of the law and its inability to cope with many of the pressures of urbanization faced by the farmer.

- B. Information the Minnesota Department of Agriculture has obtained from county assessors throughout the state indicates that the "Green Acres" legislation is not accomplishing its intended purpose. After the fact application of "Green Acres" and the failure of local assessors to affix both agricultural use and market value appraisals to farm property as required by the law appear to be major factors contributing to nominal participation. Most of the county assessors who were contacted agreed that the program was not functioning as originally planned. Their figures indicated that outside the seven county metro area there are only about 5,000 farmers presently involved in the "Green Acres" assessment program. Within the metro area, where the urbanization pressures are the most intense, there are only about 5,300 landowners involved in the program.
- C. In analyzing the data, we find that only three counties outside of the metro area have any degree of participation. Wright County has the greatest nonmetro participation - with 3,450 farmers involved. Faribault and Chisago counties each have considerably less than 1,000 participants. In Wright County, the urban influence of the metro area is believed to account for the fact that the majority of farms under "Green Acres" assessment are located in the eastern portion of the county. These tend to be small "hobby farms" of 10 to 20 acres held for speculative purposes.
- D. Outstate, in areas where "Green Acres" should have its greatest appeal and its greatest benefit, it is not being used. In the areas

surrounding cities like Rochester, Mankato, and Moorhead, we were not able to find any farmers taking advantage of "Green Acres". The St. Cloud area is an exception. Stearns county has about 10 farms presently utilizing in "Green Acres". It should be noted, however, that these are small 20 to 40 acre tracts of land which are not typical of the farms found in the area.

Demographic projections indicate that these outstate urban locations will grow substantially in terms of both population and physical size in the next two decades. As indicated by chart II, below, these areas will be growing faster than outstate Minnesota generally and the state as a whole. This will mean that if current trends continue, thousands of acres of farmland will be haphazardly removed from agricultural production in the area around these cities. Yet, there is no attempt being made to preserve the farms owned by farmers who want to continue farming in the years to come. The outward expansion of urban areas will catch many farmers by surprise and will invariably force some of them out of farming. The agricultural use value and the market value of their land will rise together absent participation in "Green Acres". Every time a new sewer line is installed or a new road is paved the value of their farmland will correspondingly rise with its inflated value as a development site. Participation in "Green Acres" means taxation based upon the lower value while nonparticipation results in taxation based upon the higher value.

Chart II

Population Projections

Area	Present Population	1985 Projection	Percent Increase	1995 Projection	Percent Increase
Olmsted County (Rochester Area)	89,700	105,900	18%	121,500	35%
Blue Earth/Nicollet (Mankato Area)	76,800	88,200	14%	94,900	23%
Clay County (Moorhead)	49,000	54,400	11%	56,400	15%
Total outstate	1,995,400	2,130,700	7%	2,255,200	13%
Total state	3,923,000	4,252,200	8%	4,555,700	16%

E. In the metro area the situation is not much better. There is a great variation in the "Green Acres" program from county to county. As in the outstate areas, this can be attributed to a number of factors including:

1. The assessors attitude toward the program;
2. The local farmers' perception of the problem of urban sprawl;
3. The local farmers' awareness of and attitude toward "Green Acres";
4. The support of town boards; and
5. Previous assessment practices in the county.

As a general rule, we find that the majority of participants in the metro area are small "hobby farms" of from 10 to 40 acres. In recent years, the proportion of full-time farmers getting into the program has decreased and more and more small tracts of land have been entered into the program for what is thought to be speculative purposes. The pattern indicates that those participating in "Green

"Acres" tend to be located in the outer fringe of the seven county area while the "hobby farms" tend to be concentrated more heavily in the developing areas of the counties.

F. All areas indicate that since the initial enactment of the law growth in the program has leveled off so that the entries and withdrawals in the program are now about equal.

G. The Department of Agriculture's findings regarding Minnesota's "Green Acres" Act, may be summarized as follows:

1. The 10 acres minimum eligibility for "Green Acres" has created a haven for speculation. As the metropolitan area expands, speculation moves to the peripheral area of expansion, and small parcels of land, receive an "agricultural use" tax break while waiting for the market value of the land to rise. It is relatively easy to earn the \$300 plus \$10 per tillable acre necessary to qualify for the benefits of "Green Acres". For a twenty acre parcel of land, for example, the minimum amount of income needed from agricultural production would be only \$500. In 1973, the yield per acre of corn was 93 bushels. At an average seasonal price of \$2.48 a bushel, this translates to an income of \$230.64 per acre. Thus, theoretically the speculator awaiting increased market values would only have to cultivate 2 1/2 acres of land in order to qualify for "Green Acres". In addition, the option of renting the land to another farmer and having this rental income apply to minimum income requirement obviates any necessity of the landowner to cultivate the land at all. For the most part, owners of these 10 to 40 acre plots are no longer serious farmers and contribute little to the State's total level of agricultural pro-

ductivity. The partly documented and partly intuitive opinions of the county assessors reflect the feeling that these 10 to 40 acre parcels are almost always items of financial speculation. An individual who discerns that his land is directly in the path of urban growth often finds that his land is of great value as a future development site than as a productive unit of agriculture. With a nominal expenditure of time and effort, these landholders are able to meet the requirements of "Green Acres", avoid market value taxation, and eventually make a large profit when land value have been sufficiently inflated.

2. Because there is no definition or reference to "farmer" in the "Green Acres" Law, persons interested in speculation have been able to qualify for the tax advantages offered under this law. They are able to reap the benefits of the law while holding the property until they can maximize their profits. This is evident by the fact that the majority of parcels being placed under "Green Acres" today are small parcels of land located in the urban/rural fringe. In no way can this benefit agriculture. In fact, it has the effect of driving up the price of land, encouraging leap-frog development, and eventually forcing the lifelong farmer off his land.
3. There is a good deal of resistance among many assessors to setting both farm use and market value appraisals on farms participating in "Green Acres". In this regard, they find the administration of the law cumbersome and time consuming. This study has found what appears to be a direct relationship between the assessor's attitude toward "Green Acres" and the level of participation in

the county. Where the assessor does not enthusiastically support "Green Acres", there is little participation from the grass roots.

4. The penalties imposed by the act are not producing their desired effect. Presently, upon sale of the land, it is subject to additional taxes and special local assessments, not to exceed the amount levied in the last three years or the sale price of the real property. It appears that the "Green Acres" penalty is not appreciably constraining speculative sales and purchases of farmland. This is evident by the large proportion and increasing number of small tracts of farmland in the rural/urban fringe participating in the program for a few years and then being sold for development. Speculators recognize that they will realize a handsome profit even after paying the penalties imposed by "Green Acres".

5. The "Green Acres" law does not provide for a reporting system. The county assessors are not required to keep records in any prescribed manner or report participation to any agency. This means that there is no one in the State of Minnesota that knows the total number of farmers, total acres of farmland, or the average size of the parcels participating in "Green Acres". Because of varying record keeping, and filing methods used by the different county offices, much of the data needed for evaluation of the program is not readily retrievable. Thus, no one can accurately determine if "Green Acres" is working. But the indications are that it is not. It seems rather inappropriate that a program of this importance should go unmonitored and unchecked.

H. If "Green Acres" is to be Minnesota's sole weapon for defending its precious agricultural land, these deficiencies should be corrected.

However, even if these deficiencies are corrected, "Green Acres" still addresses only one of the pressures forcing farmers off their land.

I. As urban expansion pushes into the farm areas around developing communities, the farmer faces two additional pressures which the "Green Acres" Act does not address.

1. The farmer faces enormous pressures to sell his farmland for prices which reflect urban demands and not agricultural uses. It is, at best, difficult for a farmer to ignore offers from developers willing to pay many times the agricultural value for his farmland. These prices look especially attractive to the older farmer looking at retirement and seeing no economically feasible means of transferring his farm to his son. As a good businessman, a farmer must seriously consider these opportunities when deciding his future.
2. The second pressure which the farmer in the urban expansion areas is confronted with is the increased restrictions placed upon his operation. Noise constraints, pollution regulations, zoning ordinances, restrictions on the movement of farm equipment, and general inconvenience to farming caused by residential neighborhoods create an atmosphere which is not conducive to farming. Thus, the farmer may wish to sell and move for many reasons: because he can no longer drive his tractor on the roads; because it is no longer possible to dust his crops; because local ordinances may require the removal of weeds from vacant lots; because local laws prevent him from burning the field or incinerating wood scrap; because air and water pollution diminishes his crop yield; because his children can no longer get the vocational courses they want in the schools; because of rising prices, vandalism of his buildings, congestion, or noise and light

pollution that bothers his family and his livestock; and possibly because he just doesn't want to live in the city. This type of an atmosphere also creates a feeling of instability and uncertainty for the farmer trying to continue his operation while urbanization is engulfing him.

V. A Possible Approach to Preserving Minnesota's Farmland:

- A. In order to better address the various encroachments faced by the farmer, a program more comprehensive in scope than the "Green Acres" law is necessary. More than "Green Acres" is needed to protect the Minnesota farmer from the far reaching tentacles of urban sprawl. The problems of speculative purchasing, leap-frog development, and urban constraints placed upon farmers in developing areas must also be addressed. To make no decision to strengthen Minnesota's efforts to preserve agricultural land is to make a decision committing the state to reliance upon fate. And fate has not always looked favorably upon the farmer.
- B. As previously indicated, many states have made different attempts at preserving agricultural land. Each has met with a varying degree of success. To date, however, one plan seems to have generated the most interest, both within the state and nationally. That plan, accepted by the State of New York in 1971, should be given serious consideration for possible modification and adoption in Minnesota.
- C. The New York Legislature passed the "Agricultural Districts" Law based on recommendations made by the New York State Agricultural Resources Commission and many farm organizations. The law is

designed to encourage continuance of a strong agricultural industry in the state and to discourage urban saturation of good farm areas. It is intended to offer farmers an opportunity to protect themselves from some of the rising costs of governmental actions usually associated with urbanization. It can also help to guide residential, industrial and commercial development toward non-farm areas.

D. An agricultural district, which must encompass a minimum of 500 acres of farmland, serves to safeguard member farms from uncontrolled development. The law under which districts are created is a legal blueprint with provisions designed to accomplish this goal. Five main checks discouraging encroachment on valuable farmlands are:

1. Farmers may apply for an agricultural value assessment on their land;
2. Local governments are limited in enacting ordinances that would restrict or regulate farm structures or farm practices;
3. State agencies must modify administrative regulations and procedures to encourage the maintenance of commercial agriculture;
4. The right of public agencies to acquire land or to advance funds for non-farm development may be restricted or subjected to delays and the agencies will be required to consider alternative areas, and
5. The power of public service districts to tax farmland for sewer, water, lights, and non-farm drainage will be restricted.

- E. The law provides individual farmers who are not in agricultural districts the possibility of obtaining agricultural value assessment similar to those available in districts. Individuals outside of districts, however, must sign an eight year commitment to keep their land in farming, and must renew it each year for an additional year following the original eight years to have their agricultural assessment continued. Violation of the commitment results in a penalty that is relatively high as compared to the tax rollback that will be charged on land in a district when it is changed to a non-farm use after enjoying an agricultural assessment.
- F. Agricultural districts are created for an eight year period. At the end of this time, the district is reviewed and a public hearing is held at the county level. Upon conclusion of the prescribed time for county and state review, the district may be continued for an additional eight years, modified to meet changing needs, or terminated depending upon evaluation of district productivity and land use priorities.
- G. New York districts are created through the initiative of local farmers. Six basic steps are involved:
1. The landowners with a total of at least 500 acres petition the county legislative body to form a district. The petition is filed for public review and comment.
 2. The county legislative body refers the petition to an agricultural advisory committee and county planning board.
 3. A public hearing is held by a county legislative body.
 4. The decision by the county legislative body. Districts adopted are referred to the State Commissioner of Environmental Conservation for evaluation.

5. The certification of eligibility by Department of Environmental Conservation.

6. The final action by county to establish the district.

During this review process, which may last six months or longer, all levels of government are brought to public accountability regarding the local desire to maintain a productive farming community. At the same time, the significance of the district concept evolves through increased public awareness and participation in the review proceedings.

H. Significantly, the greatest concentration of districts is in Dutchess and Orange Counties, a region in such close proximity to major urban areas. Development penetration could easily jeopardize this area's agricultural industry - except for the existence of this law. Most districts are located in similar areas of high speculative pressure, where rising property taxes and other pressures can force a farmer into selling his land. In the absence of the program, farmers in these areas rarely invest in farm improvements, thus hastening the collapse of the farming community well before actual physical encroachment from nearby urban areas. Agriculture is a dynamic industry. Those who do not keep up with the latest developments and improvements cannot compete successfully with other farm areas. Thus, the introduction of urban land use patterns leads to the deterioration of the family farm.

I. Beginning in September, 1975, the State was given the authority to create districts of 2,000 acres or more to protect "unique and irreplaceable" agricultural land. At the request of local

landowners and the Agricultural Resources Commissioner, the Commissioner of Environmental Conservation, in agreement with other State agencies, can establish an agricultural district. However, at the present rate and pattern in the formation of districts by communities, little State initiative seems to be needed.

J. In general, acceptance of the program by New York farmers is demonstrated by the fact that there are over 2,954,000 acres protected by 233 districts. This represents nearly 10,000 farms. These figures are growing annually and illustrate a continuing interest in the program by New York farmers. Professor Howard E. Conklin of Cornell University has been studying and evaluating the New York "Agricultural District" plan. He has indicated that "it seems clear at this point that agricultural districts are performing a very useful function in New York. They are giving farmers a sense of identity and an assurance that they will not be run out of business . . ."

VI. In Conclusion . . .

- A. In conclusion, we have found that, despite Minnesota's "Green Acres" law, this state is losing thousands of acres of farmland annually to urbanization and its by-products. This urban expansion not only takes land out of production, but it also places severe constraints upon farming operations still trying to continue in the urban/rural fringe. Neither Minnesota's economy nor the world demand for food can tolerate this erosion of farm production to continue for an extended period of time.
- B. Minnesota's "Green Acres" law is not measuring up to its goal of preserving agricultural land. It does not address the problem

of either the economic pressures upon farmers to sell created by inflated land prices, or the increased restrictions placed upon farmers in urban/rural fringe areas. "Green Acres" only addresses the problem of increased tax burdens placed upon farmers in expansion areas caused by urbanization. But evidence points to the fact that it is not successful in this regard either. Information gathered indicates that land is being placed under "Green Acres" too late to effectively combat urban expansion. Also, data shows that the land that is receiving the tax benefits of "Green Acres" tends to be small tracts of land most likely being held for speculative purposes and not as long term commitments to farming. General participation in the program has been low.

- C. Of the many approaches to preserving farmland tried throughout the country, the New York "Agricultural District" plan seems to be the most successful. This comprehensive program not only relieves the tax pressures placed upon the farmers, but it also confronts the other aspects of urban infringement in agricultural areas which "Green Acres" does not attempt to address.
- D. If Minnesota is serious about preserving its number one natural resource -- prime agricultural land -- Minnesota must take additional steps beyond "Green Acres" to insure that we will have this resource in sufficient supply in the future in order to meet the growing demand for food.
- E. We cannot rely upon fate to protect our State's greatest industry. Although the New York plan is not perfect, it offers hope for the future. Obviously, New York and Minnesota do not have identical

problems. Minnesota's agricultural and urban developments are unique to this state. But many of the problems facing New York farmers are facing Minnesota farmers, too.

The upshot of all the preceding pages is this: Minnesota has to move beyond the "Green Acres" Legislation. The Minnesota Department of Agriculture believes that the New York "Agricultural District" plan is one good plan that should be strongly considered by the 1977 session of the Minnesota State Legislature.