

Stearns County Green Acres/Rural Preserve Policy

Purpose

The purpose of the “Green Acres/Rural Preserve Policy” is to provide direction to personnel in both the County Auditor-Treasurer’s Office and the County Assessor’s Office as well as the general public on the required steps to be taken to potentially remove all or some land from the Green Acres and/or Rural Preserve property tax programs. This guideline sets forth the procedure for rendering a tax estimate, calculating the tax deferment and subsequent payback, and reviewing a property’s eligibility for a valuation and tax deferment due to withdrawal from a program, development, splitting, platting, sale, trade, gift, or transfer. It also specifies the process for recording land sales involving parcels enrolled in these two programs.

Definition

The Minnesota Agricultural Property Tax Law (M.S. 273.111), also known as the Green Acres Law, was enacted in 1967 and amended in 2008 and 2009 to equalize taxes on qualifying agricultural properties and to minimize the burden of taxation for farmers who have properties subject to marketplace pressures that reflect non-agricultural influences. It provides certain property owners, who possess class 2a agricultural land (i.e. at least 10 contiguous acres used to produce agricultural products in the preceding year unless the intensive or exclusive provisions of the law apply to the parcel; qualifying land enrolled in an eligible, non-perpetual preservation initiative like CRP, CREP, RIM, or any other state or federal program; and class 2b rural vacant land that is impractical to separate from the rest of the property or is unlikely to be sold separately), the opportunity to obtain a deferment from higher valuations and taxes payable, including some special assessments, by enrolling in the Green Acres program.

The Rural Preserve Property Tax Program was enacted into law in 2009, amended in 2010 and 2011, and is codified in Minnesota Statutes, section 273.114. This program was created in response to concerns raised by property owners and farmers regarding changes that had been made to the Green Acres program. It works in conjunction with Green Acres by providing a similar valuation and tax deferment, including a deferral of some special assessments, to taxpayers who own qualifying class 2b rural vacant land (i.e. sloughs, wetlands, inactive/unused meadow or pasture, and wooded land). Land owners with class 2b property that was properly enrolled in the Green Acres program for taxes payable in 2008, or who own class 2a agricultural homestead property enrolled in Green Acres are eligible for the Rural Preserve program. (Note: Some class 2b rural vacant land grandfathered into the Green Acres program during 2009 until the beginning of the 2013 assessment have been enrolled in the Rural Preserve program. Other qualifying class 2b land previously enrolled in Green Acres were enrolled in Rural Preserve by May 1, 2013 without a payback of Green Acres deferred taxes.)

Value and Tax Deferment

The value of class 2a agricultural land that qualifies for the Green Acres tax deferment is based on the lower agricultural values determined annually by the Department of Revenue using an indicated average tillable value taken from markets in five base counties, least affected by development pressures, in

southwest Minnesota and adjusted by certain valuation factors applied to various regions and counties throughout the state. These values are referred to as the "Green Acres Value" for property assessment purposes. A separate market value estimate is also made on the qualifying property derived from the sales of comparable properties having the same enviroing influences which take into consideration any non-agricultural factors. This valuation established for assessment use is called the "Market Value". The taxes on a property are calculated and recorded on the tax rolls each year according to its property tax classification, "Green Acres Value", and "Market Value", but the annual payable taxes are based on the "Green Acres Value." The difference between the taxes based on the agricultural and market values is the amount of taxes deferred by law. When a property no longer qualifies for Green Acres, the deferred taxes, including any deferred special assessments, are due and payable according to the established payback provisions. No payment is required for previously deferred taxes extending beyond the most recent three years, while land that qualified for a tax deferment over a shorter time period is subject to additional taxes only in the amount equal to the deferred taxes.

The value of class 2b rural vacant land that qualifies for the Rural Preserve tax deferment is based on a value without regard to outside influences and does not exceed the indicated average tillable value for the county as determined annually by the Department of Revenue. These values are known as the "Rural Preserve Value" for property assessment purposes. Another separate value estimate based on the highest and best use of the property which takes into account all outside factors such as development pressure or demand for seasonal or recreational use is made on the qualifying property derived from sales of similar properties. This valuation established for assessment use is called the "Market Value". The taxes on a property are annually calculated and recorded on the tax rolls according to its property tax classification, "Rural Preserve Value", and "Market Value", but the payable taxes are based on the "Rural Preserve Value". The difference between the taxes based on the "Rural Preserve Value" and the "Market Value" are deferred for the duration of the program. When a property no longer qualifies for Rural Preserve, the deferred taxes, including any special assessments, must be paid back according to the established payback provisions. As with Green Acres, no payback is required for previously deferred taxes extending beyond the current year and two prior years. Land that qualified for a tax deferment over a shorter time period is subject to additional taxes only in the amount equal to the deferred taxes.

Tax Lien

Only a property valued and assessed under the Green Acres and/or Rural Preserve property tax programs that is withdrawn, developed, split, platted, sold, traded, gifted, or transferred to a grantee for a use other than farming, put to a non-agricultural use, held by a non-qualifying property owner, or no longer eligible for a deferment because program requirements are not met is subject to higher valuations and additional taxes. These taxes and any deferred special assessments are a lien on the property. They are a tax lien to the same extent and duration as the regular payable taxes levied against the property. These taxes are extended by the County Auditor-Treasurer and are collected and distributed in a manner provided by law. They are added to the tax roll for each payable year the taxes are due as an addition to the levy. If the deferred taxes are unpaid after thirty days from the date when the revised tax statement was mailed, they are considered delinquent and the property subject to a tax lien, judgment, and forfeiture proceedings.

Procedure

- The property owner, his/her agent, or a business partner seeking a tax estimate on the deferred taxes must contact the County Auditor-Treasurer by submitting a request at least five working days prior to the time it is needed.

- The property owner, his/her agent, or a business partner requesting a payback amount on the deferred taxes must notify the County-Auditor Treasurer of a pending property transfer or use change relating to Green Acres and/or Rural Preserve property by submitting a request at least five working days prior to the time it is needed.
- The property owner, his/her agent, or a business partner seeking a review of a property's future eligibility status in the Green Acres and/or Rural Preserve property tax program(s) due to withdrawal, development, splitting, platting, sale, trade, gift, or transfer must notify the County Auditor-Treasurer's Office by submitting a request at least five working days prior to the time it is needed.
- The request for a tax estimate, a payback amount on the deferred taxes, or a review of a property's future eligibility status in the Green Acres and/or Rural Preserve property tax program(s) will require the filing of a "Request for Green Acres/Rural Preserve Tax Information" form. This document must be filled out completely and include the contact information of the person making the request along with property owner information, a parcel identification number (PIN), a legal description and/or survey of the property to be withdrawn, developed, split, platted, sold, traded, gifted, or transferred. The full name and daytime telephone number of the grantee (i.e. private individual, family farm entity, authorized farm entity under section 500.24, or corporation) must also be provided. A request intended to obtain either a tax estimate or payback amount on deferred taxes will also require a payment made to the County Auditor-Treasurer to cover the fee for processing it. Additionally, when a review of the Green Acres/Rural Preserve eligibility status of a property is requested, an Application for Valuation and Tax Deferment of Agricultural Land and a Green Acres Addendum Form and/or an Application for Rural Preserve Property Tax Program must be completed and submitted by the grantee or a representative on behalf of the grantee. These required forms are necessary in order to process the request for information in both an efficient and timely manner.
- An administrative fee is charged for processing either a tax estimate or payback amount on the deferred taxes for property currently enrolled in the Green Acres and/or Rural Preserve property tax program(s). This charge is \$50.00 per parcel for each payable year the deferred taxes are required to be calculated. If the deferred taxes due are less than \$50.00 per parcel for each payable year, the fee will be equivalent to the deferred taxes due.
- The "Request for Green Acres/Rural Preserve Tax Information" form should be forwarded by fax, postal mail, e-mail, or hand-delivery in order to facilitate an accurate and correct review. An incomplete form will be returned to the property owner, his/her agent, or business partner, thereby delaying the process.
- Either payment of the deferred taxes or approval by the County Assessor to grant Green Acres and/or Rural Preserve property tax benefits to a property must be made before a legal document transferring ownership, splitting a parcel of land, or the recording of a plat is certified by the County Auditor-Treasurer and presented to the County Recorder for recording.
- In certain instances, some agricultural property and/or rural vacant land may continue to receive a valuation and tax deferment even though it may be partially withdrawn, developed, split, platted, sold, traded, gifted, or transferred. An application for continuation in the program(s) must be made by the grantee within thirty days of the transfer date to insure that all or some of the land remain in Green Acres and/or Rural Preserve (i.e. some applications received during a "Request for Green Acres/Rural Preserve Tax Information" may satisfy this requirement).
- No reimbursement of deferred taxes shall be required when the total amount due for the current and prior two years is less than \$50.00.

Adopted on the 5th day of September 2017 by the Stearns County Board of Commissioners.

Note: The initial policy was adopted by the County Board of Commissioners on January 16, 2007. Some program information contained in this policy was revised on September 24, 2008 to reflect law changes enacted on May 29, 2008, with an effective date of May 1, 2008. It was updated again on December 7, 2009 to recognize program revisions enacted on April 3, 2008, with an effective date for assessment year 2009. Another change was completed on April 21, 2010 and again on November 5, 2010 to address legislation signed into law on April 1, 2010. The policy's language was modified on January 15, 2013 to account for the expiration of class 2b rural vacant land grandfathered into the Green Acres program until the beginning of the 2013 assessment. The latest improvement to this policy on September 5, 2017 established a minimum reimbursement of deferred taxes of \$50.00 for the current and two prior years and allowed for the billing of the administrative fee rather than it being prepaid in order to promote efficiencies and better serve property owners.