



Community Development Committee

For the Metropolitan Council meeting of March 25, 2009

Committee Report

Item: 2009-94

ADVISORY INFORMATION

Date Prepared: March 18, 2009

Subject: Metropolitan Council Agricultural Preserves Program
2008 Status Report

Proposed Action

That the Metropolitan Council:

Accept the 2008 Status Report to forward to the Minnesota Legislature and to the Minnesota Department of Agriculture.

Summary of Committee Discussion / Questions:

There was no Committee discussion prior to a unanimous approval.

C Community Development Committee

Meeting date: March 16, 2009

ADVISORY INFORMATION

Date:	March 10, 2009
Subject:	Metropolitan Council Agricultural Preserves Program 2008 Status Report
District(s), Member(s):	All
Policy/Legal Reference:	MN Statutes Chapter 473H, Metropolitan Agricultural Preserves
Staff Prepared/Presented:	Libby Starling, Research Manager (602-1135)
Division/Department:	Community Development / Planning and Growth Management

Proposed Action

That the Metropolitan Council:

Accept the 2008 Status Report to forward to the Minnesota Legislature and to the Minnesota Department of Agriculture.

Background

Minnesota Statutes direct the Metropolitan Council to prepare annual reports summarizing program enrollment and to maintain maps illustrating lands covenanted as agricultural preserves. The Council provides annual reports to the Commissioner of Employment and Economic Development, the Department of Agriculture, and other State agencies. As of December 31, 2008 nearly 182,000 acres are enrolled.

Rationale

The Metropolitan Agricultural Preserves Program is intended to provide metropolitan area farmers the assurance that they can make long-term agricultural investments and continue farming on viable agricultural lands within the metropolitan area. It encourages the use of agricultural lands for food production, and recognizes farming as a long-term land use for properties enrolled. Enrollment in the Agricultural Preserves Program is voluntary and authorized by local governments having land use authority.

Funding

The Program is funded by a \$5.00 county-level fee on mortgage registrations and deed transfers. Counties use this revenue to fund property tax savings benefits to enrolled landowners.

Known Support / Opposition

None.

Attachments

- 2008 Status Report
- 2008 Enrollment Map

2008 Metropolitan Agricultural Preserves Program Status Report

**Twin Cities
Metropolitan Area
Publication 74-09-024**

About the Metropolitan Agricultural Preserves Program

Minnesota Statutes 473H established the Metropolitan Agricultural Preserves Program in 1980 to encourage and preserve areas of land guided and zoned for long-term agricultural use within the seven county metropolitan area. The Metropolitan Council worked with local governments to identify and map local agricultural areas, and to certify by resolution that these areas were eligible for enrollment in the program. Since that time, local governments have evaluated the community's agricultural land with each local comprehensive plan update. The Metropolitan Council has monitored the program's participation since 1982.

The legislation's intent was to provide metropolitan area farmers the assurance that they can make long-term agricultural investments, and continue farming on viable agricultural lands within the metropolitan area. The legislation encourages the use of agricultural lands for food production, and recognizes farming as a long-term land use.

The Agricultural Preserves Program provides local governments a method to designate long-term agricultural lands through the local planning process. It also plays a key role in ensuring the continued presence of agriculture as a long-term land use in the region. The Council has long used certification for program enrollment, through local comprehensive plans, as an indicator of agricultural areas deserving of the highest level of regional support.

The legislation directs the Council to prepare annual reports summarizing participation in the program, and to maintain maps illustrating lands covenanted as agricultural preserve. This report summarizes program enrollment as of the end of 2008.

Eligibility and Implementation

The local authority, or the unit of government having planning and zoning authority, is responsible for implementing the Program's legislative requirements, including the application process and the Program's restrictions. The local authority identifies long-term agricultural land in the local comprehensive plan, then establishes zoning for the agricultural preserve areas, setting the density at no more than one dwelling unit per forty acres. Once these requirements are met, the land is considered "certified" eligible for landowners to complete applications and receive benefits. These local governments work with landowners interested in voluntarily enrolling in the program to receive benefits.

Enrollment

The program's enrollment process requires landowners to complete a restrictive covenant that is recorded with the property title. This document demonstrates that the local government has classified certain lands as agriculture, and has certified land eligible for designation as an agricultural preserve. The covenant indicates that the land shall be kept in agricultural use as defined by the legislation, which includes the production for sale of livestock, dairy animals or products, poultry and products, horticulture, and fruit.

The program's minimum acreage requirement is forty acres. However, the law provides certain conditions under which the minimum can be reduced to twenty acres. The restrictive covenant places limitations on the enrolled land to support long-term agricultural activities, and to receive program benefits. Because the restrictive covenant is recorded with the title, the agricultural preserve status is maintained if ownership changes. The restrictive covenant remains in effect indefinitely, or until the landowner records an expiration notice with the county to initiate the eight-year expiration process. The restrictive covenant and its benefits remain in effect until the expiration date is reached.

Benefits

Enrollment in the Agricultural Preserves Program must occur before March 1st of any given year to receive the property tax benefits payable in the following year. The program provides a number of benefits that include special classification of the land based on its agricultural value, rather than its market value. A special tax rate is used to determine the amount of property taxes the landowner will pay, based upon a calculation using 105 percent of the previous year's statewide average tax rate for townships outside the metropolitan area. The lowest tax rate applies, whether the special rate or the local rate. The lower rate typically results in a reduced property tax, or a minimum savings of \$1.50 per acre.

Other program benefits include a minimum property tax credit of \$1.50 per acre per year. Special assessments are prohibited for public improvement projects including sanitary sewer systems, storm water sewer systems, water systems, roads and other improvements. Farm practices are protected because the law prohibits local governments from enacting or enforcing ordinances or regulations that restrict normal farm practices. Finally, the program requires additional procedures when a local authority initiates eminent domain proceedings over enrolled land more than ten acres in size.

Enrollment (acres) by County, 2000-2008¹

County	2008	2007	2006	2005	2000	2000-2008 Change
Anoka	1,793	2,104	2,139	2,549	3,026	-1,233
Carver	93,739	93,518	94,621	96,115	100,995	-7,256
Dakota	58,763	59,535	60,838	61,166	64,823	-6,060
Hennepin	11,406	12,326	12,413	12,732	13,552	-2,146
Scott	7,077	7,393	7,353	7,389	8,443	-1,366
Washington	9,045	9,204	9,101	9,249	9,456	-411
Total	181,823	184,080	186,465	189,200	200,295	-18,472

Program enrollment has declined since 2000, losing more than 18,000 acres (almost 29 square miles) over a nine-year period. Carver County continues to enroll the greatest number of acres in the program and in contrast, Anoka County enrolls the fewest acres.

Funding

The Agricultural Preserves Program is funded by a \$5.00 fee on mortgage registrations and deed transfers (MRDT). The Counties retain half, or a \$2.50 share, and forward the remainder to both the Minnesota Conservation Fund and to the State general fund, split equally.

Program participants receive a property tax savings, or conservation credit. The Counties use their \$2.50 share to pay this property tax loss, and draw from the Conservation Fund if the county share is not sufficient to meet tax credit demands. Counties' unspent funds may be used to pay for other purposes such as conservation planning and implementation. However, any remaining funds not spent within the year must be transferred to the State. The table below provides the Counties' \$2.50-share of the fee, collected during a specific calendar year and applicable to taxes payable the following year.

¹ Minnesota Department of Revenue

Conservation Credit

An important benefit of the Agricultural Preserves Program is the agricultural classification of the enrolled property creating a property tax savings, or “conservation credit.” Enrolled property is assessed for tax purposes according to its agricultural value, and an agricultural preserve tax rate is applied. 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.

The following table shows the acres enrolled, the conservation credit (property tax savings), the County’s \$2.50 share of the fee revenue used to fund conservation credit, and the amount withdrawn from the State Conservation Fund.

2008 Program Funding and Tax Credit Summary

Metropolitan Counties	2008 Acres Enrolled	Conservation Credit (\$)	County Share (\$)	Withdrawn; Conservation Fund(\$)
ANOKA	1,793	\$2,688	\$80,325	\$0
CARVER	93,739	140,591	25,516	\$115,075
DAKOTA	58,763	98,591	93,758	\$4,833
HENNEPIN	11,406	30,859	277,400	0
RAMSEY	0	0	94,348	0
SCOTT	7,077	10,618	36,371	0
WASHINGTON	9,045	13,570	58,998	0
METRO TOTAL	181,823	\$296,917	\$666,716	\$119,908

Twin Cities Metropolitan Area

Metropolitan Agricultural Preserves 2008 Enrollment

March 3, 2009

