

C Community Development Committee

Meeting date: May 7, 2012

ADVISORY INFORMATION

| | |
|---------------------------|--|
| Subject: | Metropolitan Agricultural Preserves Program 2011 Status Report |
| District(s), Member(s): | All |
| Policy/Legal Reference: | MN Statutes Chapter 473H, Metropolitan Agricultural Preserves Program |
| Staff Prepared/Presented: | Tori Dupre, Senior Planner, Regional Planning and Growth Strategy (651 602-1621) |
| Division/Department: | Community Development / Planning and Growth Management, Ann Beckman, Manager |

Proposed Action: None, information only.

Background

Minnesota Statutes (473H.06 subd. 5 maps, reports) directs 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.

Rationale

The Metropolitan Agricultural Preserves Program intends to provide metropolitan area farmers the assurance that they can make long-term agricultural investments and continue farming on 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.

The Council's *Regional Development Framework* policies for the Agricultural Areas support local efforts to preserve prime agricultural soils and land uses ...[and support] township and county activities that maintain agricultural land uses through at least 2030.

Funding

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

Known Support / Opposition

None

Attached

2011 Status Report and enrollment map

2011 Metropolitan Agricultural Preserves Program Status Report

**Twin Cities
Metropolitan Area
Publication 78-12-009**

Introduction to the Metropolitan Agricultural Preserves Program

Minnesota Statutes 473H established the Metropolitan Agricultural Preserves Program in 1980 to encourage and preserve areas of land planned and zoned for long-term agricultural use within the seven-county metropolitan area.

The report summarizes program enrollment as of December 31, 2011. The Metropolitan Council has monitored the program's participation since 1982. The legislation directs the Council to prepare annual reports summarizing participation in the program and to maintain maps illustrating lands covenanted as agricultural preserves.

In the past, the Metropolitan Council staff worked with local governments to identify and map important agricultural areas as part of the local comprehensive plan, and certify by resolution that the areas were eligible for enrollment in the program. The resolution stated that the local governments appropriately planned and zoned for long-term agriculture. Since that time, the local governments have re-evaluated these agricultural areas to add or remove lands as a part of the 2008 local comprehensive plan update process.

The legislation intends to encourage the use and improvement of the metropolitan area's agricultural lands for producing food and other agricultural commodities. It establishes a local planning process to designate agricultural areas as a long-term land use, and provides benefits to maintain viable productive farm operations.

The legislation provides metropolitan area farmers the assurance that they can make long-term agricultural investments, and continue to produce crops on agricultural lands. In turn, the program's incentives support farming as a long-term land use, local food production, and the Twin Cities farming economy.

The Agricultural Preserves Program acknowledges the regional and local planning processes, and identifies a certification process to designate long-term agricultural lands as eligible for program enrollment. It links local planning for agriculture to the local comprehensive plan and local zoning ordinance, and requires local governments to certify these actions in a resolution. From a regional planning perspective, the certification process demonstrates the value of the locally certified lands as an indicator of agricultural areas that warrant the highest level of regional support.

Eligibility and Implementation

The legislation directs the local authority, or the local government having planning and zoning authority, to implement the program and its requirements, the application process and the program restrictions. The local authority identifies long-term agricultural land in the local comprehensive plan, and establishes zoning for these areas at a density of no more than one dwelling unit per forty acres. The local authority

certifies by resolution the areas eligible for enrollment, which allows landowners to pursue the application process.

Enrollment

The program is voluntary, and landowners typically work with the local authority to prepare enrollment applications, and then record the documents with the county. The legislation specifies that a minimum of forty acres is required for program enrollment, but includes conditions that recognize smaller parcels as eligible to, for example, accommodate smaller, non-contiguous parcels farmed as a unit.

The enrollment application is a restrictive covenant that includes the property's legal description, notarized signatures, and an affidavit of the local authority certifying that the land is eligible for enrollment. The covenant is recorded with the property title at the county and remains effective if ownership changes.

The covenant requires that the agricultural preserve property be in an agricultural use as defined by statute, which includes the production for sale of livestock, dairy animals or products, poultry and products, horticulture, and fruit. The document states that the restrictive covenant remains in effect until the landowner, or the local authority, initiates an expiration notice. The covenant and benefits end eight years from the date the expiration notice is signed and recorded at the county. Enrollment applications must be recorded at the county before June 1 of each year to receive property tax benefits payable the following year. Therefore, participants enrolling by June 1, 2011 will see the property tax benefits payable 2012.

The legislature established the program in 1980, and by 1983, over 88,000 acres were enrolled. The enrollment increased steadily in the years following 1983 until it peaked in 1997 at almost 202,000 acres. The enrollment decreased in the years from 1998 through 2009. However, enrollment has begun to rebound from 2009 to 2011 to just over 195,000 acres. The current acres enrolled represent an area over 305 square miles in size.

From 2010 to 2011 the acres by county decreased in Anoka (-278), Hennepin (-59) and Washington (-304) Counties, but increased in Carver (+3,239), Dakota (+ 4,641), and Scott (+968) Counties.

Benefits

Landowners enrolled in the program receive a number of benefits, including a special tax classification. The legislation requires that county assessors determine market value for property tax purposes on agricultural preserves properties based solely according to the agricultural use and classification, without considering additional value from non-agricultural factors. The legislation directs county assessors calculate taxes based upon the lower of two assessments, the local tax rate, or a second rate calculated as

105 percent of the previous year's statewide average tax rate for townships. The use of the lowest rate generates a property tax savings, a program benefit known as a "conservation credit." The conservation credit amounts range in value based upon local tax rates, but will be a minimum tax savings of \$1.50 per acre.

The program prohibits special assessments for public improvement projects including sanitary sewer systems, storm water sewer systems, water systems, roads and other improvements. It prohibits local governments from enacting or enforcing ordinances or regulations that restrict normal farm practices. Finally, it requires local governments to follow specific procedures if an entity initiates annexation or eminent domain actions that affect agricultural preserve land over ten acres in size.

Enrollment (acres) by County 2000 to 2011

| County | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2000 |
|-------------------|---------|---------|---------|---------|---------|---------|---------|
| Anoka | 1,313 | 1,591 | 1,520 | 1,793 | 2,104 | 2,139 | 3,026 |
| Carver | 101,576 | 98,337 | 93,271 | 93,739 | 93,518 | 94,621 | 100,995 |
| Dakota | 63,949 | 59,308 | 57,841 | 58,763 | 59,535 | 60,838 | 64,823 |
| Hennepin | 12,054 | 12,113 | 11,141 | 11,406 | 12,326 | 12,413 | 13,552 |
| Scott | 8,300 | 7,332 | 7,193 | 7,077 | 7,393 | 7,353 | 8,443 |
| Washington | 7,923 | 8,227 | 8,932 | 9,045 | 9,204 | 9,101 | 9,456 |
| Total | 195,115 | 186,908 | 179,898 | 181,823 | 184,080 | 186,465 | 200,295 |

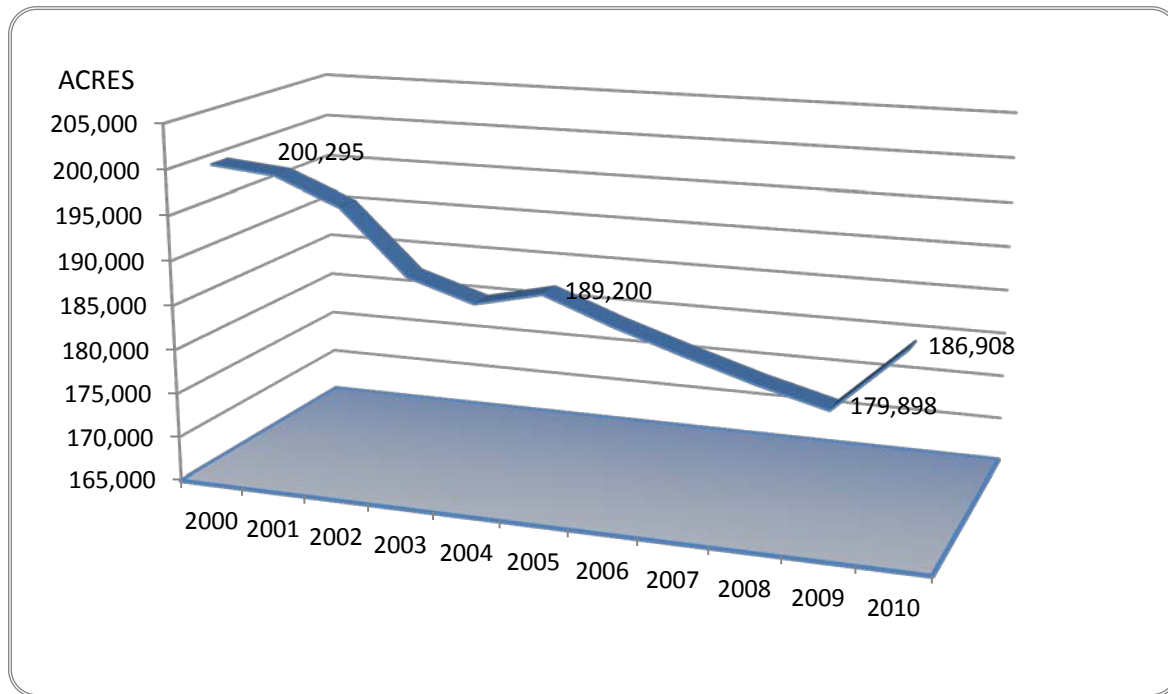
Source: Minnesota Department of Revenue

Enrollment (acres) by County 2010 to 2011 change

| | 2010 Enrolled | 2011 Enrolled | 2010 to 2011 change |
|--------------|------------------|------------------|------------------------|
| Anoka | 1,591 | 1,313 | (278) |
| Carver | 98,337 | 101,576 | 3,239 |
| Dakota | 59,308 | 63,949 | 4,641 |
| Hennepin | 12,113 | 12,054 | (59) |
| Ramsey | 0 | 0 | 0 |
| Scott | 7,332 | 8,300 | 968 |
| Washington | 8,227 | 7,923 | (304) |
| Total | 186,908 | 195,115 | 8,207 |

Source: Minnesota Department of Revenue

Enrollment Trends 2000 to 2011



Funding

The Agricultural Preserves Program is funded by a \$5.00 fee collected by metro area counties on mortgage registrations and deed transfers (MRDT). Of the fee revenue, the counties retain half in a county conservation fund, and forward the remaining half to both the Minnesota Conservation Fund and to the State general fund, split equally. The county conservation fund revenue supplements the property tax credit that the program provides to participating landowners.

If the county conservation fund is not sufficient to reimburse the tax loss, counties may then draw from the state conservation fund. If the state conservation fund revenue is not sufficient, the state will appropriate the funding from the state's general fund.

The program legislation allows counties to use any remaining conservation revenues for agricultural land preservation or conservation planning activities each year. However, counties must transfer any unencumbered revenue back to the state each year.

The following "program funding" table demonstrates that Carver County has 52 percent of the metropolitan areas total acres enrolled in the program and therefore, it pays the highest amount of total conservation credit to participants. Both Carver and Dakota Counties draw upon the State Conservation Fund to supplement the county share needed to pay conservation credit.

2011 Program Funding and Tax Credit Summary

Tax classification and valuation 2010 for taxes payable 2011

| | Acres Enrolled 2011 | Total Conservation (Tax) Credit 2010 (\$) | County Share MRDT Fee Revenue (\$) | Drawn from State Conservation Fund (\$) | Remains in County Fund (\$) |
|------------|---------------------------|--|---|--|-----------------------------------|
| Anoka | 1,313 | 8,491 | \$54,147 | 0 | 45,656 |
| Carver | 101,576 | 138,171 | \$19,155 | 119,016 | 0 |
| Dakota | 63,949 | 120,789 | \$67,743 | 53,046 | 0 |
| Hennepin | 12,054 | 88,657 | \$197,123 | 0 | 108,466 |
| Ramsey | 0 | 0 | \$68,980 | 0 | 68,980 |
| Scott | 8,300 | 16,654 | \$27,533 | 0 | 10,879 |
| Washington | 7,923 | 15,740 | \$48,648 | 0 | 32,908 |
| | 195,115 | 388,502 | 483,329 | 172,062 | 266,889 |

Source: Minnesota Department of Revenue

Metropolitan Agricultural Preserves Program

2011 Enrollment

February 2012

