

C Community Development Committee
For the Metropolitan Council meeting of May 14, 2008

Item: 2008-112

ADVISORY INFORMATION

Date Prepared: April 23, 2008

Subject: Metropolitan Council Agricultural Preserves Program
2007 Status Report

Proposed Action:

That the Metropolitan Council:

1. Accept the 2007 Status Report to forward to the Minnesota Legislature and to the Minnesota Department of Agriculture.

Summary of Committee Discussion / Questions:

The Committee members briefly discussed the change in program enrollment over time.



Community Development Committee

Business Item

Item: 2008-112

Meeting date: April 21, 2008

ADVISORY INFORMATION

Date:	April 7, 2008
Subject:	Metropolitan Council Agricultural Preserves Program 2007 Status Report
District(s), Member(s):	All
Policy/Legal Reference:	MN Statutes Chapter 473H, Metropolitan Agricultural Preserves
Staff Prepared/Presented:	Tori Dupre, Local Planning Assistance (651 602-1621) Phyllis Hanson, Manager, Local Planning Assistance (602-1566)
Division/Department:	Community Development / Planning and Growth Management

Proposed Action

That the Metropolitan Council:

1. Accept the 2007 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 Trade and Economic Development, the Department of Agriculture, and other State agencies. As of December 31, 2007 more than 184,000 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

- 2007 Status Report
- 2007 Enrollment Map

2007 Metropolitan Agricultural Preserves Program Status Report

**Twin Cities
Metropolitan Area
Publication 78-08-014**

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 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 Preserve 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 2007.

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.

2007 Enrollment by County (acres) ¹

County	2007	2006	2005	2000	2000-2007 Change
Anoka	2,104	2,139	2,549	3,026	-922
Carver	93,518	94,621	96,115	100,995	-7,477
Dakota	59,535	60,838	61,166	64,823	-5,288
Hennepin	12,326	12,413	12,732	13,552	-1,226
Scott	7,393	7,353	7,389	8,443	-1,050
Washington	9,204	9,101	9,249	9,456	-252
Total	184,080	186,465	189,200	200,295	-16,215

Program enrollment has declined since 2000, losing more than 16,000 acres (25 square miles) over a seven 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 use the revenue 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 following table 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 is \$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.

2007 Program Funding and Tax Credit Summary

Metropolitan Counties	2007 Acres Enrolled	Conservation Credit (\$)	County Share (\$)	Withdrawn; Conservation Fund(\$)
ANOKA	2,104	\$3,158	\$105,007	\$0
CARVER	93,518	140,213	31,990	\$108,223
DAKOTA	59,535	94,174	119,558	0
HENNEPIN	12,326	34,422	357,653	0
RAMSEY	0	0	135,815	0
SCOTT	7,393	11,094	48,488	0
WASHINGTON	9,204	13,807	78,780	0
METRO TOTAL	184,080	\$296,868	\$877,291	\$108,223

Twin Cities Metropolitan Area
**Metropolitan Agricultural Preserves
2007 Enrollment**

February 8, 2008

