

2014 METROPOLITAN AGRICULTURAL PRESERVES PROGRAM STATUS REPORT



March 2016

The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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Introduction to the Metropolitan Agricultural Preserves Program

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

The report summarizes program enrollment as of December 31, 2013. The Metropolitan Council has monitored the program's participation since 1982, and has prepared annual reports to the Minnesota Legislature summarizing participation in the program and providing 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. Local governments then certified by resolution these areas as eligible for enrollment in the program. Today, local governments have mapped areas eligible for agricultural preserves enrollment as part of the 2008 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 planning for agriculture to the local comprehensive plan and zoning ordinance, and requires local governments to certify these actions by resolution as a part of the application for enrollment. 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 legislation indicates that the local authority identifies long-term agricultural lands, and establishes zoning for these areas at a density of no more than one dwelling unit per forty acres. The local authority then certifies by resolution the areas eligible for enrollment, allowing landowners to apply.

Benefits

Landowners enrolled in the program receive a number of benefits, including a special tax classification that results in reduced property taxes. The legislation requires that county assessors determine market value for property tax purposes on agricultural preserves properties based solely on the agricultural use and classification, without considering additional value from non-agricultural factors.

The legislation directs county assessors to calculate taxes using the lower of two assessment rates, the local tax rate, or a rate calculated as 105 percent of the previous year's statewide average tax rate for townships. The market value is multiplied by the net tax capacity to determine property taxes, and the net tax capacity is determined using the lower of these two rates. This 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

The program is voluntary, and landowners typically work with the local authority to prepare enrollment applications, sign and notarize them and record the documents with the county. The legislation outlines a number of enrollment conditions, including a minimum property size. The program requires a minimum forty acres needed for program enrollment, but includes exceptions that recognize smaller parcels as eligible, for example, to accommodate smaller, non-contiguous parcels that are 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 forms 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, 2014 see the property tax benefits reflected in the property tax statements for 2015.

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 during the period from 1998 through 2009. However, enrollment has begun to rebound in the more recent years, from 2009 to 2013 to just over 209,000 acres. Currently the total acreage enrolled in the program represents an area about 327 square miles. From 2012 to 2013, the acres enrolled increased 1,440 acres from 207,897 in 2012 to 209,337 in 2013.

Table 1 shows the enrollment trend since 2009, and Table 2 shows the trend for annual enrollment from 2000 to 2008. The 2013 enrollment was by far the highest enrollment in the program since initiation and there was a slight decrease in acres enrolled in 2014.

Table 1- 2009 to 2014 Enrollment Trends (acres) by County

	2009 Enrolled	2010 Enrolled	2011 Enrolled	2012 Enrolled	2013 Enrolled	2014 Enrolled	2009-2014 Change	2009-2014 % Change
Anoka	1,520	1,591	1,313	1,196	1,205	1,210	(310)	-20%
Carver	93,271	98,337	101,576	106,352	107,376	108,558	15,287	16%
Dakota	57,841	59,308	63,949	71,032	72,097	70,864	13,023	23%
Hennepin	11,141	12,113	12,054	12,679	12,634	12,431	1,290	12%
Ramsey	0	0	0	0	0	0	0	0
Scott	7,193	7,332	8,300	8,729	8,584	8,674	1,481	21%
Washington	8,932	8,227	7,923	7,909	7,441	7,453	(1,479)	-17%
Total	179,898	186,908	195,115	207,897	209,337	209,190	29,292	16%

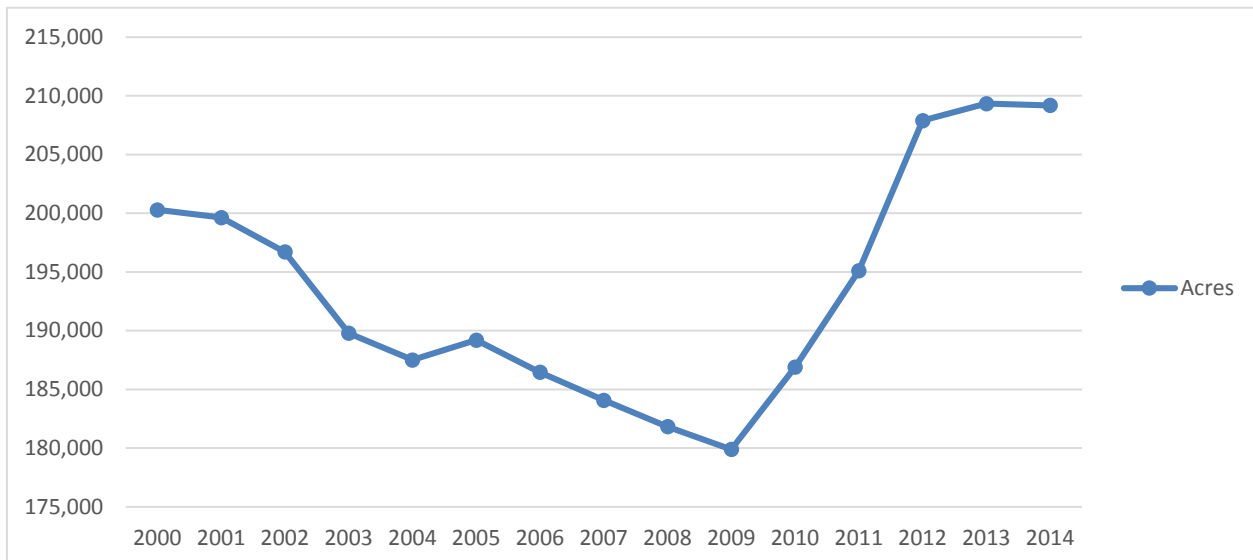
Source: Minnesota Department of Revenue

Table 2- 2000 to 2008 Enrollment (acres) by County

County	2000	2001	2002	2003	2004	2005	2006	2007	2008
Anoka	3,026	2,855	2,706	2,636	2,480	2,549	2,139	2,104	1,793
Carver	100,995	101,266	101,065	96,371	95,835	96,115	94,621	93,518	93,739
Dakota	64,823	64,872	63,523	61,877	61,089	61,166	60,838	59,535	58,763
Hennepin	13,552	13,364	11,797	12,081	11,852	12,732	12,413	12,326	11,406
Scott	8,443	8,094	8,382	7,774	7,388	7,389	7,353	7,393	7,077
Washington	9,456	9,179	9,235	9,042	8,871	9,249	9,101	9,204	9,045
Total	200,295	199,630	196,708	189,781	187,515	189,200	186,456	184,080	181,823

Source: Minnesota Department of Revenue

Figure 1- 2000 to 2014 Enrolled Acres Trend



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.

Table 3 on the next page shows the program funding in 2014 and demonstrates that Carver County with 52% of the total acres enrolled pays the highest amount of conservation credit to program participants, and draws from the state conservation fund to pay the outstanding tax credits balance. For taxes payable 2014, Carver, Dakota, Scott and Washington counties drew funds from the state conservation fund to reimburse the county conservation credit paid to program participants.

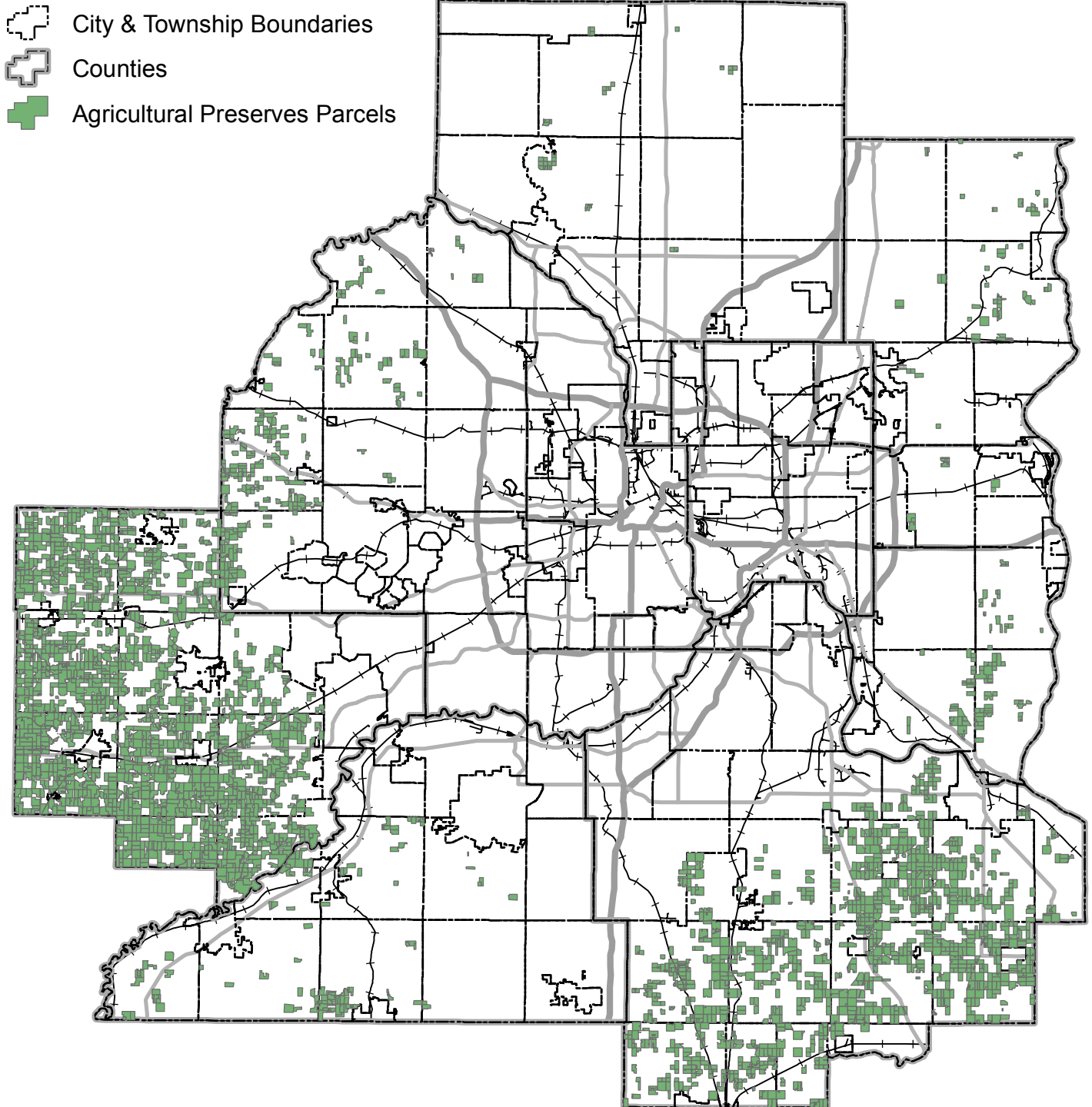
Table 3- 2014 Program Funding and Tax Credit Summary

Tax classification and valuation 2013 for taxes payable 2014

	Enrolled 2014 (acres)	Total Conservation Credit(\$) 2014	County Share MRDT Revenue(\$)	Reimbursed from State Conservation Fund(\$)	Remains in County Fund (\$)
Anoka	1,210	\$10,388	\$48,471	0	38,083
Carver	108,558	\$461,605	\$18,095	443,510	0
Dakota	70,864	\$273,314	\$36,318	236,996	0
Hennepin	12,431	\$176,365	\$177,543	0	1,178
Ramsey	0	\$0	\$81,630	0	81,630
Scott	8,674	\$28,109	\$19,837	8,272	0
Washington	7,453	\$121,617	\$39,478	82,139	0
	209,190	\$1,071,398	\$586,694	770,917	120,891

Source: Minnesota Department of Revenue

Twin Cities Metropolitan Area
Metropolitan Agricultural Preserves Program
2014 Enrollment
March 2016





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