

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 634  
**Version:** As introduced

**DATE:** March 17, 2009

**Authors:** Jackson

**Subject:** Modifying Green Acres Program; Establishing Conservation Program

**Analyst:** Karen Baker, 651-296-8959  
Steve Hinze, 651-296-8956

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

H.F. 634 contains the following:

- Establishes a program similar to “Green Acres” by providing that any property that is (a) located in a township, (b) classified as agricultural or rural vacant land contiguous to agricultural land, (c) not enrolled in Green Acres, and (d) abuts public waters, must be valued by the assessor on the same basis as rural land of the same quality that does not abut public waters until some action is taken to develop the land. Additional taxes are due if/when the property is developed. Effective for assessment year 2010 and thereafter.
- Modifies the “Green Acres” program by (a) allowing property owners to withdraw a portion of their rural vacant land from Green Acres without withdrawing all of it, (b) eliminating the seven-year payback for rural vacant land grandfathered in to the program (reverting to the three-year payback required for all property under the pre-2008 law), (c) allowing land to be withdrawn from the program prior to January 2, 2010, without any payback, and (d) allowing state and federal sponsored programs (i.e., RIM and CRP) to qualify for Green Acres.
- Establishes a new property classification for “environmentally sensitive rural vacant land,” for counties that choose to participate. Participating counties designate “preservation and legacy areas” within their boundaries. Property owners within those areas apply to the county board for designation under the new classification. Participating landowners must sign a covenant governing maintenance and use of the property, which is binding on both the current owner and any subsequent owners. Covenants may be terminated by the owner eight years after giving notice of intent to terminate. Properties under the classification have a class rate of 0.25 percent.

- 1 Rural vacant land abutting public waters.** Provides that any property that (1) is located in a township, (2) is classified as agricultural property or rural vacant land contiguous to agricultural property under the same ownership with at least two thirds of the acreage used

for agricultural purposes, (3) is not enrolled in green acres, and (4) abuts public waters, in whole or in part, shall be valued by the assessor on the same basis as rural land of the same quality that does not abut public waters until some action is taken to develop the land.

Requires an owner of this property to notify the county assessor within 30 days of applying for a development permit from the county or local zoning board. If no development permits are required, the owner must notify the assessor before the property is platted. The assessor shall also determine the estimated market value of the property taking into consideration its highest and best developed use.

Imposes additional taxes in an amount equal to (1) the difference between the amount of taxes actually levied on the property in the current year with the limitation in market value as provided in this subdivision, and the amount of taxes that would have been levied in the current year if the assessor's estimated market value had not been limited, (2) multiplied by seven or the number of years the property qualified under this section. No interest or penalties are levied on the additional taxes if timely paid.

Defines "public waters" as a meandered lake under section 103G.005, subdivision 15, paragraph (a), clause (3).

Effective for the 2010 assessment, taxes payable in 2011 and thereafter.

- 2 Requirements.** Expands green acres eligibility to include prairie, wetland, wasteland, or woodland that is contiguous to real estate primarily devoted to agricultural purposes as long as a majority of the real estate is primarily devoted to agricultural purposes. Also allows property enrolled in a state of federal sponsored conservation program (i.e., RIM or CRP) to be eligible for green acres like it was prior to the 2008 law changes. Effective for taxes payable in 2010 and thereafter.
- 3 Property that no longer qualifies as agricultural under 2008 law changes.** This section makes a number of changes to the Green Acres program affecting property that was enrolled in Green Acres prior to the 2008 changes, but that would no longer be eligible to enroll based on the 2008 changes (this is primarily land in the new "rural vacant land" classification):
- Allows a property owner to withdraw some rural vacant land from the Green Acres program without withdrawing all rural vacant land (on the same parcel) from the program.
  - Allows property classified as rural vacant land to be voluntarily withdrawn from Green Acres prior to January 2, 2010, with no back taxes due (under the 2008 law, the deadline was January 2, 2009, and three years of back taxes were due).
  - Eliminates the seven-year payback for rural vacant land grandfathered in under the 2008 changes, so that the payback for all enrolled lands is three years, as it was prior to 2008.

Effective retroactively to property transfers and program withdrawals occurring after May 1, 2008. (May 1 reflects the application date for enrolling in the program.)

- 4 Preservation and legacy land.**

**Subd. 1. Election.** Provides that a county may choose to establish a property tax classification for preservation and legacy land under this section.

**Subd. 2. Area designation.** Provides that a county electing to participate must designate one or more “preservation and legacy areas” within the county. In designating areas, counties must give consideration to the creation and preservation of water buffers, wildlife corridors, scenic assets, cultural assets, and such other characteristics as the county deems important. Any property enrolled in CRP or RIM is automatically included in the county’s preservation and legacy area.

**Subd. 3. Public hearings.** Requires the county to give notice and hold a public hearing before initially establishing its preservation and legacy areas, and again each time it seeks to amend the boundaries of the areas.

**Subd. 4. Enrollment of property; covenant.** Allows owners of property within preservation and legacy areas to apply to the county board for classification as “environmentally sensitive rural vacant land.” Allows the board to establish conditions for how the property must be maintained and used in order for the property to receive the classification. Requires the owner to sign a covenant promising to meet the conditions established by the board, and provides that the covenant will be binding on the owner or the owner’s successor, and shall run with the land. Provides that an owner may terminate a covenant, except that the termination shall not occur for eight years after the owner provides notice of her/his intent to terminate. Prohibits a property where a covenant has been terminated from re-enrolling in the program, unless it has been sold or otherwise transferred. Provides that if a property that has been enrolled in the program becomes ineligible due to a change in the county’s area designation, the covenant is automatically terminated, but the property may continue to receive the classification for three additional years, provided that the owner continues to abide by the terms of the covenant.

**Subd. 5. Acreage limitation.** Provides that a county may not approve enrollments totaling more than twenty percent of the total amount of property classified as rural vacant land or environmentally sensitive rural vacant land in the county.

**Subd. 6. Reporting requirements.** Requires each county to annually file a report showing its preservation and legacy area(s), and indicating the total acreage and market value of land classified as environmentally sensitive rural vacant land. Requires the commissioner of revenue to report to the legislature on the acreage, market value, and approximate tax benefit of enrolled property by county every four years, beginning in 2012.

Effective the day following final enactment.

- 5 Class 2.** Creates a new classification (class 2p) for environmentally sensitive rural vacant land. Provides that the class will have a class rate of 0.25 percent.

Effective for taxes payable in 2011 and thereafter.