HOUSE RESEARCH =

Bill Summary =

FILE NUMBER: H.F. 12 DATE: March 2, 2011

Version: Committee engrossment with H0012A22 amendment

Authors: LeMieur and others

Subject: Property taxation; Rural Preserves and Green Acres programs

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Overview

H.F. 12 modifies the Rural Preserves program by eliminating the requirements for a conservation plan and a covenant agreement. Provides that property enrolled in the Green Acres program or the Rural Preserves program after May 1, 2012, will be subject to a five-year payback requirement rather than the current three-year requirement. H.F. 12 also allows land removed from Green Acres after the 2008 changes to be reinstated to the Green Acres program or the Rural Preserves program at the owner's request, and requires the commissioner of revenue to consider alternative methodologies for valuing property in both programs.

- **Purpose.** Provides that the purpose of the Green Acres program is "...to encourage and preserve farms by mitigating the property tax impact of increasing land values due to nonagricultural economic forces."
- Additional taxes. Provides that for property originally enrolled in the Green Acres program after May 1, 2012, the payback period will be five years instead of three years.
- **Requirements.** Modifies requirements for enrolling property in the Rural Preserves program by eliminating the requirement for a conservation assessment plan and eliminating the covenant requirement. Stipulates that only class 2b land that is currently classified as agricultural homestead, or that was *properly* classified as Green Acres land in 2008, is eligible for enrollment in the Rural Preserves program, and that the land must be contiguous to class 2a land under the same ownership that is enrolled in Green Acres.
- **4 Application.** Eliminates the description of the covenant agreement and all references to it.
- **Additional taxes.** Eliminates all references to the covenant agreement from the additional taxes section of the rural preserves program. Also provides that property that is initially enrolled after May 1, 2012, will be subject to a five-year payback requirement rather than a three-year requirement.
- 6 Land removed from program. Provides that any land that was properly enrolled in the Green Acres program as of May 21, 2008, and was then removed from the program must be reinstated to the Green Acres program, in the case of class 2a property, or enrolled in the rural preserves program, in

the case of class 2b property, at the request of the owner. Further provides that if any back-taxes have been paid with respect to properties being reinstated to the program, the county must refund the additional taxes to the property owner.

Effective the day following final enactment.

- **Covenants terminated.** Provides that any covenants entered into for the purpose of enrolling in the rural preserves program are terminated.
- Study required. Requires the commissioner of revenue to explore alternative methods for valuing tillable and nontillable acreage enrolled in the Green Acres program or the Rural Preserves program, in consultation with the Department of Applied Economics at the University of Minnesota, the Minnesota Association of Assessing officers, and major farm groups. Requires the commissioner to make a report to the legislature describing the methodology to be used for the 2012 assessment prior to February 15, 2012.
- **Repealer.** Repeals statutory section providing definitions for rural preserve conservation assessment plans.