

Changes to the Green Acres Program and Options for Enrollees

The following information is a brief overview of the changes made to Green Acres by the 2009 Legislature and the options available to property owners currently receiving the program tax benefits.

2b Rural Vacant Land:

- The 2b rural vacant land classification established for the 2009 assessment has been kept for land that is not used for agricultural production.
- The law clarifies and strengthens the language describing certain acreage as 2a agricultural land if it is impractical to separate from the surrounding agricultural land and very unlikely to be sold separately from the rest of the property. Some examples include small sloughs, wind breaks, ditches, ravines, rock piles, and land subject to a setback requirement.

Payback Provisions:

- The seven year payback requirement on class 2b rural vacant land has been repealed. The maximum payback on any type of land is now three years of deferred taxes.
- The law clarifies that certain transfers of property (resulting from the removal of a name due to death or divorce, the addition of a name because of marriage, the organization or reorganization of a family farm entity where all owners maintain the same beneficial interests both before and after the organizational change, and the placement of a property into a trust whereby the owners of the property are the grantors and maintain the same beneficiary interests before and after the creation of the trust) do not constitute a change in ownership for Green Acres qualification purposes. Additionally, these transfers do not require the withdrawal and payback of deferred taxes on 2b land.
- Property owners may transfer class 2b land to children until the 2013 assessment without being required to pay back the deferred taxes at the time of transfer.
- Property owners who withdrew class 2b rural vacant land from the Green Acres program in response to the 2008 law change; transferred property as a result of a death, divorce, or marriage; or deeded property to their child or children subject to the re-qualification process may be eligible for a refund of the deferred taxes paid.
- Property owners have until May 1, 2010 to withdraw their class 2b rural vacant land from the Green Acres program with no payback on deferred taxes.
- A three year payback is required on all class 2b rural vacant land that is voluntarily withdrawn from the Green Acres program after May 1, 2010 and not enrolled in the Rural Preserve program. Any remaining class 2b rural vacant land

will be withdrawn from Green Acres automatically for the 2013 assessment and three years' deferred taxes due.

Land Enrolled in State or Federal Conservation Programs:

- The law reinstates land enrolled in temporary conservation easements as being eligible for Green Acres treatment. Property owners enrolled in Reinvest in Minnesota (RIM), the Conservation Reserve Program (CRP), the Conservation Reserve Enhancement Program (CREP), or any other state or federal conservation program will continue to receive the tax benefits of the Green Acres program.

Rural Preserve Program:

- Class 2b rural vacant land currently enrolled in the Green Acres program is eligible for enrollment in the new Rural Preserve program that offers similar tax benefits if property owners agree to manage their land in accordance with a conservation plan for a minimum of 10 years.
- The land must be at least 10 acres in size and part of an agricultural homestead or have been in Green Acres prior to 2008 law changes.
- The conservation plan must be approved by the Soil and Water Conservation District in the county, a covenant must be recorded with the county recorder, and a copy of this covenant must be submitted along with the application for deferral to the county assessor.
- The covenant runs with the land and continues if there is a change in ownership.
- After five years, property owners may request to terminate the covenant. It will then terminate five years after the request to terminate. It does not automatically expire after 10 years.
- When the covenant is terminated, property owners will have to pay back deferred taxes for three years.
- After a covenant has been terminated, the land may not be enrolled in the Rural Preserve program for a period of three years.

Options for Green Acres Enrollees with Class 2b Rural Vacant Land:

- Property owners can withdraw their class 2b rural vacant land from the Green Acres program without a payback of deferred taxes by May 1, 2010.
- Property owners can begin enrolling their class 2b rural vacant land into the Rural Preserve program starting with the 2011 assessment. This land can be moved into the program by January 2, 2013 without having to pay deferred taxes. The first application due date is May 1, 2011 for taxes payable in 2012. The form will be developed by the Department of Revenue and made available by that time. It does not have to be filed annually after initial acceptance.
- Property owners can enroll their class 2b rural vacant land into the class 2c Managed Forest Land Classification that was created in 2008.

- Property owners can choose to do nothing. This option will require the assessor to remove any class 2b rural vacant land that remains in Green Acres on January 2, 2013. This land will be valued at its full estimated market value and a 3-year payback on deferred taxes will be required.