

Regional

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# Report

Report

## **2001-2002 Metropolitan Agricultural Preserves Program Status Report**

Twin Cities Metropolitan Area

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**T**he mission of the Metropolitan Council is to improve regional competitiveness in the global economy so that this is one of the best places to live, work, raise a family and do business.

The Metropolitan Council is the regional planning and operating organization for the seven-county Twin Cities area. The Council advocates Smart Growth to ensure vital communities and a competitive region. It runs the regional bus system, collects and treats wastewater, manages regional water resources, plans regional parks and administers funds that provide housing opportunities for low- and moderate-income individuals and families.

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## About This Report

The Metropolitan Council has monitored participation in the Metropolitan Agricultural Preserves Program since 1982. The Agricultural Preserves Program, Minnesota Statutes 473H, was established in 1980 to encourage preservation of long-term agricultural lands within the seven county metropolitan area. The program 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 and enrollment in the Agricultural Preserves Program as an indicator of Permanent Agricultural Areas deserving of the highest level of regional support.

## Background

The Agricultural Preserves Program legislation directs the Council to prepare annual reports summarizing participation in the program, and to maintain maps illustrating lands certified for long term agriculture and lands covenanted as agricultural preserve. This report summarizes program enrollment from 2001 and 2002. When considered in the context of information presented in previous annual reports, it provides a history of the program effectiveness over time.

The Metropolitan Agricultural Preserves Program encourages the use of the metropolitan area's agricultural lands for food production and recognizes farming as a long-term land use for lands enrolled in the program. It provides local governments with an orderly method to designate long term agricultural lands through the local planning process. It also provides metropolitan area farmers the assurance that they can make long-term agricultural investments and can continue farming on viable agricultural lands within the metropolitan area.

## Program Eligibility and Implementation

The Agricultural Preserves Program is implemented by the local authority, or the unit of government having planning and zoning authority whether it be the county, city or township. The local authority is responsible for managing the application process and enforcing the Agricultural Preserve Act's requirements and restrictions. The local authority must adopt a comprehensive plan that specifically describes and designates, or maps, long-term agricultural land. The local authority then establishes zoning for the agricultural preserves at a density of no more than one dwelling unit per forty acres. Once these requirements are met, the land is considered "certified" eligible for benefits under the Agricultural Preserves Program.

## Application

Once land is certified eligible, landowners may contact the local authority, the county or the Metropolitan Council staff to obtain the enrollment form entitled, "*Metropolitan Agricultural Preserves Restrictive Covenant*". This restrictive covenant specifies that the land has been classified as agricultural and has been certified as 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, fruit, etc.

The restrictive covenant is an agreement initiated by the landowner that places limitations on the enrolled land in order to receive the program's protection and benefits. The restrictive covenant is recorded with the property title, so that the agricultural preserve status is maintained if ownership changes. The restrictive covenant includes an affidavit of authority indicating that the local authority designates the described property as long term agriculture, and certifies the land eligible for agricultural preserve designation by resolution. The restrictive covenant remains in effect indefinitely, or until a separate expiration notice is signed and filed with the county recorder. Therefore, the restrictive covenant and its benefits terminate once the expiration date is reached, or eight years after the expiration notice is recorded.

Forty acres is the minimum land area required for eligibility in the program. However, the law provides certain conditions under which the minimum can be reduced to twenty acres.

## Program Benefits

Enrollment in the Agricultural Preserves Program is voluntary and is initiated by the landowner, working with the local government. For those landowners that choose to enroll, the program provides a number of benefits. Enrolled land is classified and assessed according to 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. The special tax rate is calculated using 105 percent of the previous year's statewide average tax rate for townships outside the metro area. The lower of either the special tax rate, or the local tax rate, is used. The special tax rate typically results in a lower tax rate and a property tax credit for landowners.

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 that additional procedures be followed where eminent domain proceedings are initiated for enrolled land over ten acres in size.

## Enrollment

The Agricultural Preserves Program's enrollment is historically less than the acres certified eligible for enrollment. Enrollment is voluntary and is a choice individual landowners make based upon a range of circumstances that include proximity to urbanization, financial status, continued family-owned farming, land values, agricultural investments, etc.

The following table compares the amount of land enrolled with the amount of land in farms, according to the U.S. Department of Agriculture's (USDA) *1997 Census of Agriculture*. The USDA report defines land in farms as any parcel which generates \$1000 in sales of agricultural products in one calendar year.

The amount of land enrolled is based on data provided by the Minnesota Department of Revenue. Program enrollment must occur before March 1st of a given year in order to receive property tax benefits payable the following year. The program's enrollment has increased steadily since 1982. For the decade between 1990 and 2000, enrollment increased by 24,654 acres, or about 12 percent. The 2002 enrollment total has decreased from 2000 by two percent, or 3,587 acres.

**Table 1**  
**METROPOLITAN AGRICULTURAL PRESERVES**  
**Enrollment by County<sup>1</sup>**

COUNTY	Land In Farms (Acres)	Land Enrolled 2000 (Acres)	Land Enrolled 2001 (Acres)	Land Enrolled 2002 (Acres)
ANOKA	57,313	3,026	2,855	2,706
CARVER	153,223	100,995	101,266	101,065
DAKOTA	221,316	64,823	64,872	63,523
HENNEPIN	69,128	13,552	13,364	11,797
SCOTT	117,830	8,443	8,094	8,382
WASHINGTON	89,935	9,456	9,179	9,235
<b>TOTAL</b>	<b>708,745</b>	<b>200,295</b>	<b>199,630</b>	<b>196,708</b>

<sup>1</sup> Information from the Minnesota Department of Revenue

**Table 2**  
**METROPOLITAN AGRICULTURAL PRESERVES**  
**Program Enrollment by Community (Acres)<sup>2</sup>**  
**2000-2002**

	2000	2001	2002
<b>ANOKA COUNTY TOTAL</b>	<b>3,026</b>	<b>2,855</b>	<b>2,706</b>
Andover	1,624	1,453	1,466
Blaine	83	83	83
East Bethel	315	315	316
Oak Grove	886	886	722
St. Francis	118	118	119
<b>CARVER COUNTY TOTAL</b>	<b>100,995</b>	<b>101,266</b>	<b>101,065</b>
Benton Township	15,098	15,063	15,044
Camden Township	13,859	13,721	13,670
Carver	111	111	111
Chanhassen	39	31	31
Chaska Township	36	36	36
Dahlgren Township	11,441	11,355	11,341
Hancock Township	8,220	8,500	8,497
Hollywood Township	14,139	14,203	14,447
Laketown Township	4,580	4,519	4,445
San Francisco Township	6,102	6,043	5,977
Waconia (city)			72
Waconia Township	5,750	5,687	5,570
Watertown Township	7,156	7,121	7,079
Young America Township	14,464	14,876	14,744
<b>DAKOTA COUNTY TOTAL</b>	<b>64,823</b>	<b>64,872</b>	<b>63,523</b>
Castle Rock Township	3,519	3,519	3,518
Douglas Township	9,482	9,477	9,582
Empire Township	5,636	5,635	4,663
Eureka Township	4,639	4,634	4,589
Farmington	1,439	1,436	1,437
Greenvale Township	4,087	4,084	4,082
Hampton (city)	100	100	100
Hampton Township	6,494	6,494	6,369
Lakeville	259	257	257
Marshan Township	6,797	6,794	6,795
New Trier	2	2	2
Nininger Township	1,025	1,025	1,024
Randolph Township	686	686	686
Ravenna Township	1,242	1,242	1,242
Rosemount	1,730	1,729	1,729
Sciota Township	2,682	2,681	2,679
Vermillion Township	12,079	12,153	11,842
Waterford Township	2,925	2,924	2,925

<sup>2</sup> Information from the Minnesota Department of Revenue

	2000	2001	2002
<b>HENNEPIN COUNTY TOTAL</b>	<b>13,552</b>	<b>13,364</b>	<b>11,797</b>
Corcoran	2,622	2,406	2,062
Dayton	2,113	2,115	1,560
Greenfield	1,358	1,210	1,210
Hassan Township	234	234	234
Independence	4,279	4,411	4,114
Medina	251	293	123
Minnetrista	2,695	2,695	2,494

	2000	2001	2002
<b>SCOTT COUNTY TOTAL</b>	<b>8,443</b>	<b>8,094</b>	<b>8,382</b>
Belle Plaine Township	1,048	998	1,192
Blakeley Township	381	690	799
Cedar Lake Township		110	110
Credit River Township	71	149	149
Helena Township	2,449	1,986	1,986
Louisville Township	354	151	140
New Market Township	78	78	77
Prior Lake	336	356	356
St. Lawrence Township	1,354	1,356	1,353
Sand Creek Township	1,896	1,744	1,744
Shakopee	70	70	70
Spring Lake Township	406	406	406

	2000	2001	2002
<b>WASHINGTON CO TOTAL</b>	<b>9,456</b>	<b>9,179</b>	<b>9,235</b>
Afton	1,323	1,262	1,153
Baytown Township	192	192	192
Cottage Grove	2,035	1,896	1,996
Denmark Township	2,381	2,371	2,370
Forest Lake	110	110	110
Grant	276	277	277
Hugo	160	160	160
Lake Elmo	399	399	399
May Township	1,374	1,305	1,372
New Scandia Township	1,206	1,207	1,207

<b>METRO TOTAL ACRES</b>	<b>290,295</b>	<b>199,630</b>	<b>196,708</b>
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## **Expirations**

Enrollment in the Agricultural Preserves Program is indefinite, or until the Expiration Notice is signed. The Expiration Notice is a separate form indicating that the enrolled land will be taken out of Agricultural Preserve status, and will no longer be zoned at one residential unit per quarter/quarter section on the date specified. The date of expiration of the Agricultural Preserve must be eight years after the Notice is signed.

Either the landowner or the local government can initiate the expiration process to remove land from the Agricultural Preserves Program. Landowners must complete and sign the Expiration Notice and file the Notice with the county recorder.

Renewing a restrictive covenant a year prior to the expiration date avoids a lapse in program benefits. The restrictive covenant and its benefits terminate once the expiration date is reached.

## **Program Funding**

The Agricultural Preserves Program is funded by a \$5.00 fee on all mortgage registrations and deed transfers (MRDT) levied by the metropolitan area counties. Each county that collects the fee keeps half, or a \$2.50 share, and transfers the remaining half to the State Conservation Fund (MN Stat. 40A).

The Minnesota Conservation Fund is an established account in the state treasury, where money from the counties must be deposited and credited to the fund account. Money in the fund is annually appropriated to the commissioner of revenue to reimburse taxing jurisdictions.

Landowners enrolled in the Agricultural Preserves Program receive a property tax savings, or a conservation credit. The counties use their \$2.50 share of the MRDT fee to compensate for the conservation credit, drawing from the State Conservation Fund if the county proceeds are insufficient to meet tax credit demands.

Ramsey County collects the MRDT fee, but has no land enrolled in the Agricultural Preserves Program. Ramsey County, along with other counties that have funds remaining in their \$2.50 share, may use the funds to pay for other purposes such as conservation planning and implementation.

Table 3 shows the calendar year amounts collected by the metropolitan counties for 1999 through 2001. Note that the column totals reflect the counties \$2.50 share of the MRTD fee, and that an equal amount was transferred to the State Conservation Fund.

**Table 3**  
**PROGRAM FUNDING SUMMARY**  
**County Share of Total Fee Collected from 1996 to 2001**

<b>COUNTY</b>	<b>Calendar Year 1996</b>	<b>Calendar Year 1997</b>	<b>Calendar Year 1998</b>	<b>Calendar Year 1999</b>	<b>Calendar Year 2000</b>	<b>Calendar Year 2001</b>
ANOKA	\$76,785.00	\$72,952.50	\$113,592.50	\$104,612.50	\$94,445.50	\$113,592.50
CARVER	\$21,502.50	\$20,985.00	33,227.50	\$28,215.00	25,440.00	33,227.50
DAKOTA	\$95,820.00	\$96,075.00	137,820.50	\$124,640.00	108,070.00	137,820.50
HENNEPIN	\$261,960.00	\$257,212.50	361,880.00	\$383,870.00	299,120.00	361,880.00
RAMSEY	\$96,175.00	\$96,832.50	139,584.50	\$119,590.00	108,417.50	139,584.50
SCOTT	\$34,990.00	\$22,647.50	55,125.00	\$42,042.50	42,495.00	55,125.00
WASHINGTON	\$59,830.00	\$58,460.00	90,095.00	\$75,980.00	67,847.50	90,095.00
<b>TOTAL**</b>	<b>\$647,062.50</b>	<b>\$667,037.50</b>	<b>\$931,325.00</b>	<b>\$878,950.00</b>	<b>\$745,835.50</b>	<b>\$931,325.00</b>
<b>Total Amount Collected</b>	<b>\$1,294,125.00</b>	<b>\$1,292,202.50</b>	<b>\$1,862,650.00</b>	<b>\$1,757,900.00</b>	<b>\$1,491,671.00</b>	<b>\$1,862,650.00</b>

**\*\*NOTE:** An equal amount was transferred to the State Conservation Fund (MN Stat. 40A.152)

## Conservation Credit

One of the Agricultural Preserves Program's important benefits is the property tax savings provided by the agricultural classification of the enrolled land. This property tax savings is called conservation credit. Property enrolled in the Agricultural Preserves Program is assessed for tax purposes according to its agricultural value. Next, a special "agricultural preserve" tax rate is applied, which is calculated as "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.

Since 1998, the statewide average tax rate has increased, requiring local property tax assessors to use the lower, local tax rate. The result for enrolled landowners was no property tax savings beyond the local rates, making this Agricultural Preserves Program benefit somewhat insignificant. In 1992, the Legislature amended the statute to establish a minimum, guaranteed conservation credit of \$1.50 per acre.

Today, the total conservation credit amounts appear to reflect the program enrollment at the minimum \$1.50 per acre.



**Table 4**  
**AG PRESERVES PROGRAM**  
**CALENDAR YEAR 2001**

Metropolitan Counties	Land Enrolled (acres)	Total Conservation Credit	Approx Credit per Acre	County Share of Fee CY 2001	Drawn from State Conservation Fund
Anoka	2,855	\$4,293	\$1.50	\$113,592.50	0
Carver	101,266	151,599	1.50	33,227.50	\$118,371.50
Dakota	64,872	96,924	1.49	137,820.50	0
Hennepin	13,364	22,920	1.72	361,880.00	0
Ramsey	0	0	0	139,584.50	0
Scott	8,094	12,434	1.54	55,125.00	0
Washington	9,179	13,761	1.50	90,095.00	0
<b>METRO TOTAL</b>	<b>199,630</b>	<b>\$301,931</b>		<b>\$931,325.00</b>	<b>\$118,371.50</b>
<i>State Conservation Fund Balance</i>	<i>\$1,207,795.68</i>				

The above table shows that the property tax credit amount for land enrolled in the Agricultural Preserves is somewhat less than the amount collected in MRDT fees. The Program is currently providing property tax benefits at approximately \$1.50 per acre.

Table 5

**Metropolitan Agricultural Preserves Program Participation: 1982-2002**

Years	Acres Certified Eligible	Acres Enrolled in Program	Percent Enrolled	Conservation Credits	Conservation Credit Per Acre
1982	483,905	61,817	13%		
1983	696,960	88,468	15%	\$125,054	1.41
1984	554,771	138,870	25%	\$340,215	2.45
1985	601,333	160,129	27%	\$390,855	2.44
1986	592,010	175,813	30%	\$650,582	3.70
1987	609,485	178,144	29%	\$482,676	2.71
1988	610,186	178,656	29%	\$223,623	1.25
1989	611,194	180,450	30%	\$43,684	0.24
1990	611,468	175,641	29%	\$45,885	0.26
1991	592,958	178,748	30%	\$52,851	0.30
1992	593,211	175,079	30%	\$108,162	0.62
1993	558,117	163,775	29%	\$325,037	1.98
1994	559,483	193,586	35%	\$288,808	1.50
1995	523,497	196,421	38%	\$346,662	1.76
1996	504,701	198,247	39%	\$306,943	1.55
1997	505,394	201,927	40%	\$305,076	1.51
1998	511,199	192,529	38%	\$312,017	1.62
1999	511,890	191,868	37%	\$303,311	1.58
2000	na	200,295	na	\$303,290	1.51
2001	na	199,630	na	\$301,931	1.51
2002	na	196,708	na	na	

**Table 6**  
**TOTAL CONSERVATION CREDIT PAID BY COUNTY (\$)**  
**1983 to 2002**

<b>YEAR</b>	<b>ANOKA</b>	<b>CARVER</b>	<b>DAKOTA</b>	<b>HENN</b>	<b>SCOTT</b>	<b>WASH</b>	<b>TOTAL</b>
1983	\$ 633	\$ 36,939	\$ 35,490	\$ 26,506	\$ 14,182	\$ 11,304	\$ 125,054
1984	2,198	148,879	91,977	37,326	19,683	40,152	340,215
1985	4,360	209,026	75,282	44,333	23,638	34,216	390,855
1986	6,675	386,437	122,105	60,745	29,957	44,663	650,582
1987	3,594	228,134	125,490	46,436	47,747	31,275	482,676
1988	1,865	167,256	10,269	34,006	11,847	8,380	223,623
1989	705	1,351	10,617	19,350	8,998	2,663	43,684
1990	3	34,624	1,137	8,906	558	657	45,885
1991	354	19,014	5,473	20,937	2,615	4,458	52,851
1992	1,750	57,893	12,327	22,436	8,835	4,921	108,162
1993	5,772	164,511	90,265	29,327	13,822	21,340	325,037
1994	4,602	139,278	91,702	22,270	13,276	17,680	288,808
1995	4,619	192,198	94,350	22,204	13,906	17,385	344,662
1996	4,677	156,447	95,457	21,292	12,691	16,379	306,943
1997	4,080	154,488	95,870	21,070	13,231	16,337	305,076
1998	4,381	161,347	96,743	21,299	13,655	14,592	312,017
1999	\$4,377	\$154,435	\$96,569	\$21,591	\$12,569	\$13,770	\$303,311
2000	\$4,554	\$151,443	\$96,825	\$23,681	\$12,608	\$14,179	\$303,290
<b>2001</b>	<b>\$4,923</b>	<b>\$151,599</b>	<b>\$96,924</b>	<b>\$22,920</b>	<b>\$12,434</b>	<b>\$13,761</b>	<b>\$301,931</b>

- Ramsey County is omitted from this table because it has no land enrolled in the Metropolitan Agricultural Preserves Program and pays no conservation credit.

## Findings and Conclusions

- The Metropolitan Agricultural Preserves Program recognizes farming as a long-term land use for lands within the seven-county metropolitan area and provides local governments with an orderly method to designate long term agricultural lands through the local planning process.
- The Program 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 and enrollment in the Agricultural Preserves Program as an indicator of Permanent Agricultural Areas deserving of the highest level of regional support.
- The Program's enrollment has increased annually since 1982, but has declined in recent years. Of the metropolitan counties with land enrolled, the program's enrollment is strongest in Carver County, and weakest in Anoka County.
- The State Conservation Fund balance has increased annually, but funds have been removed or transferred by the State. From comparing enrollment with conservation credit, it appears that the program participants are receiving the very minimum \$1.50 credit per acre. The declining program enrollment may indicate that the program's benefits are insufficient to encourage long-term participation.

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