Green Acres Program
(Minnesota Agricultural Property Tax Law)

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Property Tax Fact Sheet 5

Fact Sheet

The Green Acres Program provides property tax relief for owners of agricultural property in areas where the market value of land is affected by development pressure, sales of recreational land, or other non-agricultural factors.

What does Green Acres do?

The Green Acres tax deferral program allows farm properties to be valued using an agricultural value instead of the estimated market value – which may reflect development pressures.

In the 1960s, development pressures caused valuation and tax increases for farms, and were potentially forcing farmers off their land. The Legislature developed the Green Acres program to allow qualifying farmers to pay property taxes based on the agricultural value of their land and deferring the higher property taxes based on the land's value as residential or commercial property.

This law is commonly referred to as Green Acres (Minnesota Statutes, section 273.111).

What is "estimated market value"?

Estimated market value represents what the property would sell for in an open-market, arm's-length transaction. It also reflects the property's highest and best use, such as what will bring the greatest economic return to the land. Minnesota law requires assessors to value property at its estimated market value.

For many farm properties, the highest and best use may be to develop the land for a residential or commercial use. The residential or commercial value of a property is may be higher than that of farmland.

What is the "agricultural value" of a property?

The agricultural value of a property is its value when used for agricultural purposes.

How do you determine the agricultural value?

The Legislature directed the Commissioner of Revenue to develop a fair method for determining the agricultural values for each county in an effort to develop statewide uniformity.

It is sometimes difficult to find sales of agricultural properties that are not affected by the non-agricultural factors such as development pressure or sales of recreational land.

Each year, the Department of Revenue studies statewide sales of agricultural property that are relatively unaffected by non-agricultural market influences. The department uses these sales to calculate the counties' agricultural values that are used for all properties enrolled in Green Acres.

There are separate values for tillable and non-tillable land per acre for each county. The county assessor applies agricultural values to individual properties. The value may differ on each individual parcel due to quality of land, location, or other factors.

How does Green Acres deferral work?

Taxes are calculated on both the estimated market value (higher value based on highest and best use) and the agricultural value (lower value) when properties are enrolled in the program.

The difference of the two calculated tax amounts is deferred until the property is sold or no longer qualifies for the Green Acres program.

	Tax on the Estimated Market Value
-	Tax on the Agricultural Value
=	Deferred Tax

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This fact sheet is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices. Alternative formats available upon request.

When the property no longer qualifies for the program the deferred tax (the difference between the agricultural tax and the tax based on the estimated market value) for the current tax payable year and the 2 prior years must be paid to the county.

What about special assessments?

Special local assessments may be deferred while the property qualifies for Green Acres. When the property is sold, transferred, or otherwise withdrawn from the program, all deferred special assessments are due.

What property qualifies for the program?

Only property that is classified as class 2a agricultural land is eligible for enrollment in the Green Acres program. The property must:

1. be at least 10 acres in size or a nursery or greenhouse; and
2. be primarily devoted to the production for sale of agricultural products

If you have class 2b rural vacant land as a part of your farm homestead, it will not qualify for Green Acres tax deferral but it may be eligible to receive other benefits under the Rural Preserve Property Tax Program.

Your assessor will assist you in determining which portions of your farm are considered agricultural and which are considered rural vacant land.

Green Acres enrollment is limited to properties owned by individuals and certain family farm entities.

Ownership requirements:

To qualify for Green Acres, the property must be one of the following:

- the homestead of the owner, owner's spouse, child, or sibling
- farmed in conjunction with the owner's homestead property
- has been in possession of the applicant, the applicant's spouse, parent, or sibling for at least 7 years prior
- farmed in conjunction with property within four townships or cities (or any combination) from property that has been in possession of the owner, owner's spouse, parent, or sibling (or any combination) for at least 7 years
- in possession of a nursery, greenhouse, or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel(s).

How do I apply?

You apply with the County Assessor's Office in the county where the property is located. Applications are due by May 1 in order to receive consideration for the next taxes-payable year.

Your assessor may also require an agricultural use verification form, proof that the property meets all requirements, and/or a copy of the appropriate schedule or form showing farm income has been included in the most recently filed federal income tax return of the applicant.

What else should I know about Green Acres?

When a property enrolled in Green Acres is sold to another person who may qualify for the program, the new owner must apply to the county assessor within 30 days of the purchase for the program to continue on the property.

If at any time you sell, transfer, subdivide, or otherwise withdraw any part of your property from the Green Acres program, you will be responsible to pay back deferred taxes on the acreage withdrawn for the current year plus the two prior years. Once an entire parcel is withdrawn from Green Acres, you will also be responsible to pay any deferred special assessments plus any interest.

Where can I get more information?

For additional information on estimated market value, refer to Fact Sheet 2, *How the Assessor Estimates Your Market Value*.

If you have questions or need more information about the Green Acres Program, contact your County Assessor's Office.