

MINNESOTA • REVENUE

PROPERTY TAX Modify Green Acres Provisions

January 23, 2009

Department of Revenue
Analysis of H.F. 217 (Faust)

	Yes	No
DOR Administrative Costs/Savings		X

	Fund Impact			
	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>
	(000's)			
General Fund	(\$0)	unknown	unknown	unknown

Effective for taxes payable 2010 and thereafter.

EXPLANATION OF THE BILL

M.S. 273.111, the agricultural property tax preferential valuation statute, is commonly referred to as “green acres”. This statute allows for farm land to be valued for agricultural purposes, rather than highest and best use.

The 2008 omnibus tax bill made a number of changes to green acres provisions, including removing land enrolled in state and federal conservation programs and class 2b rural vacant land. A transition provision was added for land that no longer qualified under the new law.

This bill allows land enrolled in state and federal conservation programs and rural vacant land to be eligible for green acres treatment. Land that was previously enrolled in the program is grandfathered into the program until sold or transferred. The tax penalty provision in subdivision 3(b) is removed.

REVENUE ANALYSIS DETAIL

- The number of acres changing classification under the provisions of the bill is not known. Some counties may enter or exit the green acres program as a result of these changes.
- An unknown percentage of non-tillable acres is pasture and other agricultural use. The changes in land value as a result of this bill would inversely alter tax rates on all property in affected jurisdictions.
- Net taxes on homestead property would change, resulting in changing property tax refunds by an unknown amount.

Number of Taxpayers: Owners of qualifying class 2 property would be directly affected.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
http://www.taxes.state.mn.us/taxes/legal_policy