

# 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 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.

$$\begin{array}{r} \text{Tax on the Estimated Market Value} \\ - \text{Tax on the Agricultural Value} \\ \hline = \text{Deferred Tax} \end{array}$$

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.

# Application for Valuation and Tax Deferment of Agricultural Land

Provided by the Minnesota Agricultural Property Tax Law, also known as "Green Acres" (M.S. 273.111)

Please read instructions before completing. This application must be signed, dated and returned to the county assessor's office (along with all attachments) by May 1 to be eligible for deferral for taxes payable in the following year.

<b>Owner(s) of the Property</b>	<b>This section to be completed by all applicants.</b> Please fill out the following information for the owner or authorized representative of the entity that owns the property.		
	Name of owner(s)		
	Property is owned by: <input type="checkbox"/> Private individual <input type="checkbox"/> Family farm entity <input type="checkbox"/> Authorized farm entity under section 500.24 <input type="checkbox"/> Corporation owning a nursery		
	<input type="checkbox"/> Other. Please specify:		
	Mailing Address		
	City	State	Zip
	<b>To qualify for the Green Acres deferment, <u>one</u> of the following must apply and must be the same for all parcels being enrolled:</b>		
	1. The property is the homestead of the owner or the owner's surviving spouse, child, or sibling. <input type="checkbox"/> Yes <input type="checkbox"/> No		
	2. The property is farmed in conjunction with property that contains the homestead of the owner, the owner's surviving spouse, child or sibling. <input type="checkbox"/> Yes <input type="checkbox"/> No		
	3. The property has been in the possession of the owner, the owner's spouse, parent, or sibling (or any combination) for a period of at least seven years prior to this application. <input type="checkbox"/> Yes <input type="checkbox"/> No    Date of purchase: _____		
4. The property is farmed in conjunction with property that is within four townships or cities (or any combination) of property that has been in the possession of the owner, the owner's spouse, parent, or sibling (or any combination) for a period of at least seven years prior to application. <input type="checkbox"/> Yes <input type="checkbox"/> No			
5. The property is the homestead of a member/shareholder/partner of a family farm entity or authorized farm entity under M.S. 500.24. <input type="checkbox"/> Yes <input type="checkbox"/> No			
6. The property is the homestead of a member/shareholder/partner of a poultry entity, other than a limited liability entity, in which the majority of the members, partners, or shareholders are related and at least one of the members, partners, or shareholders either resides on the land or actively farms the land. <input type="checkbox"/> Yes <input type="checkbox"/> No			
7. The property is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership or corporation which also owns the nursery or greenhouse operations on the parcel or parcels. <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>If yes to number 7, <u>AND</u> you are a corporation, does the corporation derive 80 percent or more of its gross receipts from the wholesale or retail sale of horticultural or nursery stock?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>Important</b>	<b>Please complete a Green Acres Addendum Form (CR-GA Add-08) for each parcel you are enrolling into the Green Acres program. Each parcel must be listed separately on different addendum sheets. Attach all addendums to this application form.</b>		
<b>Sign Here</b>	<b>Signature(s) of ALL owners, or in the case of entity-owned property ALL members, partners, or shareholders. (100 percent of the interest in the property must be accounted for.)</b> By signing below, I certify that the above information is true and correct to the best of my knowledge, and I am an owner of the property or an authorized member, partner, or shareholder of the farm entity that owns the property for which Green Acres is being claimed.		
	<b>Making false statements on this application is against the law.</b> Minnesota Statute, Section 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to \$3,000 and/or up to one year in prison.		
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
	Signature	Daytime phone (    )	Date
<i>If more space for signatures is required, please attach an additional application and use the space provided.</i>			
<b>Assessor Section</b>	<b>This section is for assessor use only.</b>		
	Application is: <input type="checkbox"/> approved <input type="checkbox"/> denied. If denied, note main reason:	Assessor's signature	Date

# Instructions for: ***Application for the Valuation and Tax Deferment of Agricultural Land***

## What type of property qualifies for Green Acres?

If you own property that is classified as 2a productive agricultural land, you may be eligible for the Green Acres program.

### The property must:

- Be classified as 2a productive agricultural land and be primarily devoted to agricultural use;
- be at least 10 acres in size or a nursery or greenhouse; and
- **Either:**
  - be the homestead of the owner, or the owner’s surviving spouse, child, or sibling or be farmed in conjunction with the homestead property; or
  - have been in possession of the applicant, the applicant's spouse, parent, or sibling (or any combination) for a period of at least seven years prior to application, or be farmed in conjunction with property within four townships or cities (or any combination) from property that has been in possession of the owner, the owner’s spouse, parent or sibling (or any combination) for a period of at least seven year prior to application; or
  - be in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels; or
  - be the homestead of a shareholder in a family farm corporation or authorized farm entity under Minnesota Statute 500.24; or
  - be the homestead of a member/shareholder of a poultry entity other than a limited liability entity in which the majority of the members, partners, or shareholders are related and at least one of the members, partners, or shareholders either resides on the

land or actively farms the land; or

- be the homestead of an individual who is part of a corporation that derives 80 percent or more of its gross receipts from the wholesale or retail sale of horticultural or nursery stock.

*All parcels being enrolled for the deferred tax must be under the same ownership.*

## How Green Acres works

The assessor determines two values on Green Acres property:

1. The “estimated market value” based on sales of similar property taking into consideration all of the non-farm factors that influence its market value.
2. The “agricultural value” or “Green Acres value” based on sales of agricultural property in areas not affected by development pressures.

Taxes are calculated on both market values, but paid on the lower, agricultural value each year. The difference between the tax calculated on agricultural market value and the actual market value is deferred until the property is sold or no longer qualifies for the Green Acres program.

The deferred tax (the difference between the agricultural tax and the tax based on the highest and best use) is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property in the state. The tax is annually extended by the county auditor and if and when payable shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

## How to apply

Complete application and attach a required “Green Acres Addendum Form” for each parcel you wish to enroll.

Green Acres applications are made to and approved by the county assessor

where the property is located.

Application forms must be filed by May 1 in order to receive consideration for the following taxes payable year. If you are granted deferment through this program, you will not be required to file this application each year. However, the county assessor may require you to provide an additional application or other proof deemed necessary to verify that you continue to qualify for the Green Acres deferment.

## Special local assessments

Special local assessments are deferred while the property qualifies for Green Acres\*. However, when the property sells, all deferred special assessments are due.

*\*Watershed district special assessments will not be deferred under Green Acres for properties qualifying for Green Acres after May 31, 2008 or for any watershed district special assessments levied after May 31, 2008.*

## Required documentation

You must attach all your Green Acres Addendum Form to this form before submitting it to the assessor.

## How we use information

The county assessor may share the information contained on this form with the county auditor, county attorney, Commissioner of Revenue or other federal, state or local taxing authorities to verify your eligibility for the Green Acres deferment.

You do not have to give this information. However, refusal may disqualify you from consideration for Green Acres deferment.

## Penalties

### Making false statements on this application is against the law.

Minnesota Statutes, Section 609.41 states that giving false information in order to avoid or reduce their tax obligations can result in a fine of up to \$3,000 and/or up to one year in prison.

# Green Acres Addendum Form

CR-GAADD

For use in conjunction with

## Form CR-GA, *Application for Green Acres Valuation and Tax Deferment of Agricultural Land*

Please read the instructions before you complete this form. A separate Form CR-GA Add must be used for each parcel you are enrolling into the Green Acres program. Attach all addendums to your Form CR-GA.

Property Information

Township or City	County
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Parcel ID Number or Legal Description of Property

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The land that I/we own is currently being farmed.  Yes  No

Total number of acres of parcel \_\_\_\_\_

Of these acres, how many are:

\_\_\_\_\_ Tilled in the previous year (e.g. crops, corn, etc.)

\_\_\_\_\_ Normally tilled lands left fallow due to flooding or crop rotation/management

\_\_\_\_\_ Enrolled in one of the following programs:

CRP                      CRP Contract expiration date: \_\_\_\_\_

RIM                        RIM Contract expiration date: \_\_\_\_\_

CREP                      CREP Contract expiration date: \_\_\_\_\_

Other                      Specify \_\_\_\_\_

\_\_\_\_\_ Active pastureland for livestock purchased for sale

\_\_\_\_\_ Cut for hay

\_\_\_\_\_ Enrolled in SFIA or 2c Managed Forest Land

\_\_\_\_\_ Used solely for hunting/recreational purposes (and not enrolled in SFIA or 2c)

\_\_\_\_\_ Other uses (e.g. pasture for horses, open lawn area not farmed, roads, etc.) Specify \_\_\_\_\_

Note: The sum of these acres must equal the total acres in this parcel.

Sign Here

### Signature of Owner or Authorized Representative

*By signing below, I certify that the above information is true and correct to the best of my knowledge, and I am an owner of the property or an authorized member, partner, or shareholder of the farm entity that owns the property for which Green Acres is being claimed.*

Signature of Owner	Phone	Date
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# Form CR-GAADD Instructions

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## Who is Eligible

If you own property that is classified as 2a productive agricultural land, you may be eligible for the Green Acres program.

The property must:

- Be classified as 2a productive agricultural land and be primarily devoted to agricultural use;
- be at least 10 acres in size or a nursery or greenhouse; and
- Either:
  - be the homestead of the owner, or the owner's surviving spouse, child, or sibling or be farmed in conjunction with the homestead property; or
  - have been in possession of the applicant, the applicant's spouse, parent, or sibling (or any combination) for a period of at least seven years prior to application, or be farmed in conjunction with property within four townships or cities (or any combination) from property that has been in possession of the owner, the owner's spouse, parent or sibling (or any combination) for a period of at least seven year prior to application; or
- be in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels; or

- be the homestead of a shareholder in a family farm corporation or authorized farm entity under Minnesota Statute 500.24; or
- be the homestead of a member/shareholder of an entity not regulated under M.S. 500.24 in which the majority of the members, partners, or shareholders are related and at least one of the members, partners, or shareholders either resides on the land or actively farms the land; or
- be the homestead of an individual who is part of a corporation that derives 80 percent or more of its gross receipts from the wholesale or retail sale of horticultural or nursery stock.

All parcels being enrolled for the deferred tax must be under the same ownership.

## How to Complete this Form

When listing acreage, round to the nearest whole acre. Attach all your completed Green Acres Addendums to your Application for Green Acres Valuation and Tax Deferment of Agricultural Land.

## Use of Information

The information on this form is required by Minnesota Statutes, section 273.111 to properly identify you and determine if you qualify for the Green Acres property tax deferral program. If you do not provide the required information, your application may be delayed or denied. Your County Assessor may also ask for additional verification of qualifications.

## Penalties

**Making false statements on this application is against the law.** Minnesota Statutes, section 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to \$3,000 and/or up to one year in prison.

## Questions?

Contact your County Assessor's Office for assistance.