

Rural Preserve Property Tax Program

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Property Tax Fact Sheet 15

Fact Sheet

The Rural Preserve Program provides property tax relief for qualifying owners of rural vacant land in areas where the market value of the land is being affected by development pressure, sales of recreational land or other factors.

The Rural Preserve Program

This fact sheet provides information to property owners regarding the eligibility requirements for the Rural Preserve Program (Rural Preserve), which is available beginning with the 2011 assessment. Rural Preserve was enacted into law in 2009 and is codified in Minnesota Statutes, section 273.114.

Minnesota law requires assessors to value property at its estimated market value. Estimated market value must reflect the use of the property that will bring the greatest economic return to the land (its “highest and best use”). For many rural properties, this highest and best use may be to use the land for residential or recreational purposes.

Rural Preserve provides property tax relief to taxpayers with eligible class 2b rural vacant land. Qualifying applicants may include taxpayers with class 2b land that was properly enrolled in the Green Acres program for taxes payable in 2008, or who own other agricultural homestead property that is enrolled in Green Acres. Real estate taxes on enrolled land are based upon a value that is not influenced by outside factors such as urban sprawl or demand by buyers for recreational uses.

Rural Preserve is designed to work in conjunction with the changes that were made to the Green Acres program in 2008 and 2009. Qualifying class 2b land that was previously enrolled in Green Acres may be enrolled in Rural Preserve by May 1, 2013, without being subject to the payback of Green Acres deferred taxes. Please refer to the *Green Acres Fact Sheet (Fact Sheet 5)* to learn more about transferring property from Green Acres into Rural Preserve.

How does Rural Preserve work?

The assessor determines two values on land enrolled in Rural Preserve:

- The “estimated market value” based on sales of similar property taking into consideration all of the outside factors that influence its market value.
- The “value without regard to outside influences” or its “Rural Preserve Value” which must not exceed the class 2a tilled value for that county.

Taxes are calculated on both values, but paid on the lower value each year. The difference between the tax calculated on the higher and lower values is deferred under Rural Preserve. When the property no longer qualifies under program requirements, the deferred taxes for the current year and two prior years must be paid to the county, as well as any special local assessments that were deferred.

How do I qualify?

If you own class 2b rural vacant land that was enrolled in Green Acres for taxes payable in 2008 and grand-fathered into Green Acres for subsequent assessments, or if you own land that is part of an agricultural homestead that is enrolled in Green Acres you may be eligible for Rural Preserve. You must apply with the county assessor.

Eligible acres must:

- have been properly enrolled in Green Acres for taxes payable in 2008 OR be part of an agricultural homestead currently enrolled in Green Acres;
- be contiguous to the Green Acres property;
- not be enrolled in Green Acres, Open Space, Metropolitan Agricultural Preserves, or SFIA;
- have no delinquent property taxes owed on the land.

How do I apply?

Rural Preserve applications will be filed with and approved by the county assessor. The application must include the most recent available aerial photograph or satellite image of the property provided by the Farm Service Agency of the USDA or the County GIS service that clearly outlines the land you wish to enroll. The assessor may also require other supporting documents be submitted with the application to prove that the property meets all requirements for qualification.

Application forms will be available at the county assessor's office and must be filed by May 1 for the next taxes-payable year. Applications will be available beginning with the 2011 assessment year, for taxes payable in 2012.

****For the 2011 assessment year only (for taxes payable in 2012), the application deadline has been extended to August 1, 2011. ****

What about special assessments?

When the property is withdrawn from or no longer qualifies for Rural Preserve, any special assessments (plus interest) that have been deferred are due. The total due will be payable in equal installments, spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the special assessments were levied.

What else should I know about Rural Preserve?

Applications for enrollment are available in your County Assessor's office. This fact sheet is meant to inform you of the program so that you can plan in advance what you would like to do with your property. Planning ahead is particularly important for property owners who are currently enrolled in Green Acres.

If you own property that is currently enrolled in Green Acres, or was recently withdrawn from Green Acres, please look at the *Green Acres Fact Sheet (Fact Sheet 5)* that is at the Department of Revenue's website: www.taxes.state.mn.us; or available from your county assessor.

Please contact your county assessor if you have specific questions about your property or the Rural Preserve Program.

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Application for Rural Preserve Property Tax Program (M.S. 273.114)

Provides property tax relief to taxpayers who own class 2b rural vacant land which was enrolled in the Green Acres program for the 2007 assessment year (for taxes payable in 2008) or that is contiguous to agricultural homestead land that is enrolled in Green Acres.

Please read instructions before completing. For assessment year 2011 only, this application must be signed, dated and returned to the county assessor's office (along with all attachments) by August 1 to be eligible for deferral for taxes payable in 2012. (For future years, the application deadline will be May 1 for taxes payable the following year.)

Before you complete or submit this form the following statements must be true:

- Before you can apply
- I have read the instructions on this form and have determined that I and the land I wish to enroll meet the requirements to participate in Rural Preserve.
 - I certify that the land is not enrolled in the Green Acres program, Open Space program, Metropolitan Agricultural Preserves program, the Sustainable Forest Incentive Act, nor classified as 2c Managed Forest Land.
 - I certify that there are no delinquent property taxes owed on any of the land being enrolled in Rural Preserve.
 - I have attached the required most recent available aerial photograph by the Farm Service Agency of the USDA or the County GIS service clearly outlining the land I wish to enroll. (See instructions on back for more detailed information.)

This section to be completed by all applicants. 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: Private individual Family farm entity Authorized farm entity under section 500.24 Corporation owning a nursery

Other Please specify _____

Mailing Address _____

City _____ State _____ Zip _____

To qualify for Rural Preserve, at least one of the following must apply:

1. The property you are enrolling was properly enrolled in Green Acres for taxes payable in 2008 under your ownership and is contiguous to class 2a agricultural land currently enrolled in Green Acres. Yes No
2. The property you are enrolling is part of an agricultural homestead and contiguous to class 2a agricultural land that is currently enrolled in Green Acres. Yes No

Provide the following information for each parcel of land you wish to enroll. (If you fail to provide the required information, including number of eligible acres for each parcel, your application will be delayed or denied.)

Property identification number (PID)	Number of acres to be enrolled	Property identification number (PID)	Number of acres to be enrolled

(If you need more space, please attach another application)

Total of acres to be enrolled: _____

By signing below, I certify that the above information is true and correct to the best of my knowledge, I am an owner of the property or an authorized member, partner, or shareholder of the entity that owns the property for which Rural Preserve is being claimed, and I understand the consequences that will result if I terminate my enrollment, or no longer qualify for enrollment, in the Rural Preserve Program which are explained in the instructions on the back of this form.

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

This section is for assessor use only.

The property was properly enrolled in Green Acres for taxes payable in 2008 under the current owner's name and is contiguous to class 2a agricultural land currently properly enrolled in Green Acres. Yes No

The property being enrolled is part of an agricultural homestead and contiguous to class 2a agricultural land that is currently properly enrolled in Green Acres. Yes No

Application is: approved denied. Assessor's signature _____ Date _____
If denied, note main reason: _____

Instructions for: Application for Rural Preserve Property Tax Program

What type of property qualifies for Rural Preserve?

If you own class 2b rural vacant land property that was properly enrolled in Green Acres for taxes payable in 2008 or own class 2b property that is part of an agricultural homestead that is enrolled in Green Acres, you may be eligible for Rural Preserve. You must apply with the county assessor.

The property must:

- have been properly enrolled in Green Acres for taxes payable in 2008, or be part of an agricultural homestead and;
- be contiguous to the Green Acres property;
- not be enrolled in Green Acres, Open Space, Metropolitan Agricultural Preserves, or SFIA; and
- have no delinquent property taxes owed on the land.

All parcels being enrolled for the tax deferral on this application must be under the same ownership.

How Rural Preserves works

The assessor determines two values on land enrolled in Rural Preserve:

1. The "estimated market value" based on sales of similar property taking into consideration all of the outside factors that influence its market value.
2. The "value without regard to outside influences" or "Rural Preserve Value" which must not exceed the class 2a tilled value for that county.

Taxes are calculated on both values, but paid on the lower value each year. The difference between the taxes calculated on the higher and lower values is deferred until the property no longer qualifies for Rural Preserve.

How to apply

Complete the application and attach a copy of the most recent available aerial photograph by the Farm Service Agency of the United States Department of Agriculture (USDA) or the County GIS service clearly delineating the land you wish to enroll. You may work with your assessor to determine which acres you wish to enroll.

Rural Preserve 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. *(For assessment year 2011 only, the application deadline is extended to August 1.)*

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 Rural Preserve deferment.

Required documentation

You must attach a copy of the most recent available aerial photograph by the Farm Service Agency of the USDA or the County GIS service clearly outlining the land you wish to enroll.

What happens if I withdraw my property or if I no longer qualify for enrollment in Rural Preserve?

If you withdraw your property from the Rural Preserve program, or you no longer qualify for enrollment in the program, you must pay back deferred taxes for the year of termination plus the two prior years. The deferred taxes are a lien against the property. You are also responsible to pay for any deferred special local assessments.

Special local assessments

Special local assessments may be deferred while the property qualifies for Rural Preserve. When the property is withdrawn from the program or no longer qualifies for the program, all deferred special assessments plus interest are due. The total due will be payable in equal installments, spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the special assessments were levied.

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 Rural Preserve deferment.

You do not have to give this information. However, refusal may disqualify you from consideration for Rural Preserves 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 tax obligations can result in a fine of up to \$3,000 and/or up to one year in prison.