

# Green Acres and Rural Preserve

## Property Tax Deferral for Agricultural and Rural Vacant Land

The Green Acres and Rural Preserve programs provide property tax relief for qualifying farmland. The programs work together to limit increases in market value of farmland affected by development pressure and other outside influences. These programs are administered by the counties.

### How the Programs Work

Green Acres applies to property classified as 2a agricultural, while Rural Preserve applies to property classified as 2b but is part of an agricultural homestead.

The assessor determines two values on property enrolled in either program: the estimated market value and the agricultural value.

Taxes are calculated by the assessor on both market values, but paid on the lower agricultural value. 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 program.

### What is Estimated Market Value?

Estimated market value is the value the land has at its highest and best use on an open-market, arm's-length transaction. Minnesota law requires assessors to value property at its estimated market value.

### What is Agricultural Value?

Agricultural value is the value without regard to non-agricultural influences. 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.

### What about Special Assessments?

Special local assessments may be deferred while the property qualifies for either program.

The deferred special assessments are due when the entire enrolled parcel is withdrawn from the program.

### Green Acres Qualifications

Only property that is classified as class 2a agricultural land is eligible for enrollment in the Green Acres program. The property must also meet one of these seven ownership requirements:

- The parcel is the homestead of the owner or their surviving spouse, child, or sibling. This also includes any contiguous parcels which are farmed in conjunction with the homestead.
- The applicant or the applicant's spouse, parent, or sibling (or any combination) has owned the contiguous and unoccupied agricultural parcel or parcels for at least seven years prior.
- The parcel or parcels are farmed in conjunction with property within four cities and townships from property that has been owned by the owner, owner's spouse, parent, or sibling (or any combination) for at least seven years.
- The parcel contains a nursery or greenhouse that is owned by an individual or the nursery or greenhouse operation is owned by a qualifying entity. A qualifying entity is one owned by a proprietor, partnership, or corporation.
- The parcel is a homestead of a member or shareholder of a family farm corporation or an authorized farm entity under [Minnesota Statute 500.24](#).
- The parcel is a homestead of a member or shareholder of an entity not regulated by [Minnesota Statute 500.24](#), but where the majority of the members, partners, or shareholders are related and at least one of them lives or actively farms the parcel.

- The parcel is a homestead of a shareholder of a corporation that derives 80% or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

**Note:** If a parcel is enrolled in the Sustainable Forest Incentive Act (SFIA), enrolling in Green Acres will violate the SFIA conditions.

## Rural Preserve Qualifications

Vacant land that is part of a farm but not tilled is eligible for enrollment in the Rural Preserve Program.

To qualify, your land must:

- Be part of an agricultural homestead, at least part of which is enrolled in Green Acres
- Not be enrolled in Open Space, Metropolitan Agricultural Preserve, or the Sustainable Forest Incentive Act
- Not have delinquent taxes

## When Land is Removed from the Program

Land removed from the programs is required to pay back the deferred tax for the current year and two previous years. You must also pay back any deferred special assessments plus interest once the entire parcel is removed.

## What constitutes land being removed?

Land is removed from either program when it no longer qualifies. This can occur due to a change in use (for example, a house is built on previously enrolled farmland) or a change in ownership.

If land enrolled in either program is sold, transferred, or subdivided, the new owner must complete a new application within 30 days. If no new application is submitted or the property no longer qualifies after the change in ownership, then the property owner must pay back the deferred taxes as described above.

**Example 1:** Farmer A sells a parcel that is enrolled in Green Acres to Farmer B. Farmer B submits a new application within 30 days and is approved. Farmer B **does not** have to pay back the deferred taxes.

**Example 2:** Farmer A sells a parcel that is enrolled in Green Acres to Developer B. Developer B begins to construct a commercial building on the land. Developer B must pay the deferred tax amount for the current year and the two previous years. Additionally, because the entire parcel no longer qualifies, Developer B must pay back any deferred special assessments plus interest.

## Application Requirements

Green Acres and Rural Preserve applications are made to the county assessor in the county where the property is located. Applications are due by **May 1**.

The assessor may ask for supporting documents to prove that the property meets all requirements for enrollment.

- Green Acres: This may include copies of schedules or forms from the most recent federal income tax return showing farm income.
- Rural Preserve: You 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. The image must outline the acres you want to enroll.

The taxes paid in the following year will reflect the valuation under the program. If you are granted deferment through these programs, you do not need to file annually. The assessor may request information at any time to verify continued qualification.

## Questions?

Contact your county assessor.