

# MINNESOTA · REVENUE

## Making Sense of the Changes to the Green Acres Tax Deferral 2009

As a property owner with land enrolled in the Minnesota Agricultural Property Tax Law, commonly known as Green Acres, you have likely experienced a lot of change and confusion related to this program over this past year. Your County Assessor, along with the Department of Revenue, in order to help you make sense of these changes and present you with the information necessary for you to make informed decisions that best suit your circumstances, has developed information regarding options for property owners enrolled in Green Acres. If you have additional questions, please review two factsheets we have published, *Factsheet 5: Green Acres* and *Factsheet 15: Rural Preserve Property Tax Program*. These are available on our website, [www.taxes.state.mn.us](http://www.taxes.state.mn.us) or from your county assessor. Your assessor will also be of assistance in determining your best options depending on how you wish to use your land going forward.

### The 2009 Legislative Highlights

The 2009 Legislature made clarifying changes to the Green Acres law (which was amended in 2008). These changes were signed into law on April 3, 2009. The changes also resulted in the creation of a new program, the Rural Preserve Property Tax Law. The primary changes include:

- Potential to grandfather class 2b (rural vacant land) acres until as late as the 2013 assessment
- Further potential to transfer class 2b acres to children until the 2013 assessment with no payback of deferred taxes during that time
- Granting property owners a “free” withdrawal of class 2b acres by May 1, 2010
- Creation of the Rural Preserve Property Tax program, which provides a tax benefit similar to Green Acres for the 2b class acres that are part of a farm. This program will first be eligible in the 2011 assessment. 2b acres may be grandfathered until enrollment in this program and no deferred taxes will be due (if transitioned by the 2013 assessment).

### Making an Informed Decision

In order to make an informed decision, you must first know how your lands are being classified. Assessors are now required to classify what was once known generally as agricultural land as either “class 2a” or “class 2b”. Your assessor will be able to help you distinguish how your land is classified.

- Class 2a land is land used to produce an agricultural product for sale (e.g. tilled, pastured, hayed, etc.).
- Class 2b land is rural vacant land that does not qualify as agricultural land (e.g. areas of trees, etc.).

The following page represents the two directions we anticipate property owners may wish to pursue. You may wish to discontinue enrollment in Green Acres for all or parts of your property, or continue enrollment in Green Acres and/or another property tax program. Again, your assessor will be able to help determine the best route depending on your specific situation and plans for your property. You will have until 2013 to make final changes to your class 2b acres before they are removed from Green Acres. If you do not envision transitioning those acres into the Rural Preserve Program prior to 2013, you may remove them by May 1, 2010 and leave them unencumbered or put them into a new program without payback of Green Acres deferred taxes.