

MINNESOTA • REVENUE

Understanding Your Options For The Green Acres Tax Deferral - 2009

A Guide For Property Owners

By May 1, 2010, as a property owner with lands enrolled in Green Acres (GA), you must make a decision as to what to do with your land enrolled in the program.

You ultimately have two directions to choose from:

1

Withdraw some or all
of your lands by May 1, 2010

If you withdraw all your GA-enrolled lands, you will no longer receive a tax deferral on any of your land.

You will also need to pay deferred taxes on your class 2a acres. There will be no payback on your class 2b acres.

Your property will be assessed at its full market value for taxes payable the next year.

Why select this option? If you intend to sell your property within three years or you want to use it for a non-agricultural use.

For more information: Contact your county assessor to learn what your deferred taxes payback amount will be or for answers to other questions regarding the withdrawal.

If you withdraw all or some of your class 2b acres, you will only continue to receive a tax deferral on the land you leave in GA.

Taxes will continue to be deferred on your GA-enrolled acres and there will be no payback on your class 2b acres that are withdrawn by May 1, 2010.

Your withdrawn acres will be assessed at their full market value for taxes payable the next year.

Why select this option? If you intend to sell your property within three years or you want to use it for a non-agricultural use. You will also want to withdraw all or some of your acres if you wish to enroll them in Sustainable Forest Incentive Act (SFIA) or have them classified as 2c. SFIA provides a per acre payment for enrolled lands; the 2c class provides a lower classification rate.

For more information: Contact your county assessor to learn what lands are classified as class 2b or for more information on class 2c. Review the department's fact sheet on SFIA (available at www.taxes.state.mn or from your county assessor).

2

Make no changes to your
enrollment status

If you make no changes, you will continue to receive a tax deferral on all of your GA-enrolled lands until the 2013 assessment. At that time, your class 2b acres will be automatically removed from the program.

Taxes will continue to be deferred on your class 2a acres as they will continue to qualify for GA, but there will be a payback of three years' deferred taxes on your removed class 2b acres.

The removed acres will be assessed at their full market value for taxes payable in 2014.

Why select this option? There is no clear benefit to selecting this option unless you do not wish to commit to the covenant requirements of the Rural Preserve (RP) program. If you do not wish to enroll in RP, you may want to withdraw your class 2b acres from GA by May 1, 2010, to avoid a tax payback on those acres.

For more information: Contact your county assessor to learn what your deferred taxes payback amount will be or for answers to other questions.

If you intend to enroll your class 2b acres in the Rural Preserve (RP) program, you should make no changes. You will continue to receive a tax deferral on your GA-enrolled lands until the 2013 assessment.

Prior to the 2013 assessment, you will need to apply for the RP program and meet its enrollment requirements. At that time, your class 2b acres will transfer to that program.

Taxes will continue to be deferred on your GA- and RP-enrolled acres. There will be no payback as long as your land moves directly from GA to the RP program.

Why select this option? This option benefits a property owner willing to commit to long-term preservation of class 2b lands and who has no intention to sell or change the use of the lands. All enrolled lands will continue to receive a tax deferral benefit similar to GA.

For more information: Contact your county assessor to learn what lands are classified as class 2b. Review the department's fact sheet on RP (available at www.taxes.state.mn or from your county assessor).