

# 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](http://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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