

MAAO Agricultural Committee
January 10, 2011
Holiday Inn, St. Cloud, MN

Chairperson Jeanne Henderson called the meeting to order at 9:30 a.m. Introductions were made. Present at the meeting were: Dick Schouweiler, Sue Schulz, Gale Zimmerman, Mike Dangers, Bob Anderson, Steve Skoog, proxy for Chuck Pelzer, Steve Carlson, Keith Kern, Chair Jeanne Henderson, Mike Stalberger, MAAO President Cheryl Wall, MAAO 2nd Vice-President John Keefe, Tom Reineke, Bill Effertz and Dan Whitman.

The question was sent out earlier if counties felt the new Green Acres laws should be repealed or kept? Region 1 represented by Dick Schouweiler said Wabasha did not have much green acres. Region 2 represented by Sue Schulz felt that it should be left as is not to be repealed. Region 3 represented by Gale Zimmerman said most of his region that responded did not want it repealed. Wright County wanted it repealed. Most felt it harder to keep track of what is being farmed (2/a 2/b). Region 4 represented by Mike Dangers does not have much GA in their region. The ones that have GA were of the opinion to not repeal the law. The 2a/2b is still the major concern there as well. Region 6 represented by Bob Anderson did not want the GA law repealed but that region also did not have much for GA. Another question had been brought up about using income to value pasture and woods and Region 6 felt it was too hard to get accurate information. Bob felt the value should be by regions for pasture and woods and to try to use sales information. Region 7 represented by Steve Skoog was in agreement to leave the GA law as is. Region 8 represented by Steve Carlson does not want a repeal, leave GA alone. They currently have a strong ag market with large increases in value on the tillable value but very little sales for pasture or woods. He agreed, to get information to value pasture and woods by income would be hard to get. Region 9 was represented by Keith Kern they felt as well that there should be no change the GA law. Two of their counties felt it would be an administration headache to do so. An option that was presented was to have 2b land, contiguous to the 2a land, qualify for Green Acres if owned by the same person and the 2a land was primarily devoted to agriculture. Region 9 has ag preserve and use that more than GA. The discussion within that region also felt to repeal would make it too confusing to property owners. The general misconception is that going back would not mean that people removed due to ineligibility would be put back into GA. If the property owner was in, due to error, he will not be put back in with the repeal of the law.

Bill Effertz was present representing the MAAO Legislative Committee. He asked the Ag Committee to help with ideas, which could be presented to the legislature, on what changes we felt could be done to make GA easier to administer as well easier to understand by the property owner. MAAO would like to work in tandem with the Department of Revenue to come up with thoughts on what maybe can be changed as well as what should stay.

The DOR had three talking points to share with MAAO:

1. A return to prior law (regarding Green Acres) is not a return to past practice. Repealing the changes made in 2008 and 2009 and returning to prior law will not resolve eligibility issues for taxpayers who were improperly enrolled in Green Acres.
2. Green Acres changes and tax increases are separate. Shifts in tax burdens are due to complex interactions, none of which were actual Green Acres law changes. Actual causes for increases include: phase out of Limited Market Value, market and value changes to ag properties resulting tax base shifts, and changes in taxes due to corrections of past inappropriate assessment practices, and others.
3. Green Acres and assessment changes occur independently. The assessment of property (classifying it based on its use) and Green Acres eligibility are two separate determinations. Changes in classification by assessors were not due to Green Acres law changes; assessors were correcting past assessment practices to improve the assessment.

The Ag Committee discussed that there are issues with the current legislation where changes may need to apply. Some of the issues discussed included that there are administrative challenges that apply for GA and for 2a/2b and keeping track of 2a/2b changes is the biggest challenge. Also, what is primarily devoted to ag? How many acres and what ratio of productive to waste? Would it be easier to get rid of the third party in the Rural Preserve Property Tax Program and would that make it more appealing to property owners. Is having a separate legal description part of the challenges property owners face as they try to apply for Rural Preserve. Maybe we need to look at what changes would help the property owners and make it easier for them to apply for Rural Preserve. Should there be a change to the minimum 10 acres requirement to get the agricultural classification. Would allowing 2b property that is contiguous to 2a property to get Green Acres be appealing to property owners and easier for us to administer?

The MAAO Agricultural Committee does not support a full repeal to return Green Acres to pre-2008 laws for the reasons listed above. It also does not support a full repeal because it would not eliminate the need to meet all requirements in the Green Acres law (i.e. at least 10 contiguous acres in production, primary use test, etc.) that would still be applicable as well as the fact that noncontiguous class 2b lands would still not qualify. These are the reasons most (if not nearly all) properties became ineligible for Green Acres, and a full repeal would not make those lands eligible again. The Ag Committee finds it very important to remember that a full repeal would not resolve the issue of previous erroneous assessment practices granting Green Acres to ineligible properties.

Following a lengthy discussion of these topics, the MAAO Agricultural Committee hereby makes the following recommendation to the MAAO Legislative Committee:

1. **Green Acres changes should not be repealed.** There has been much administrative work done that has improved the quality and uniformity of the assessment. Undoing this work would be just as time- and labor-intensive as implementing

them. Additional consideration would need to be paid to property owners who have already opted out and made changes.

2. As an alternative to repeal, the MAAO Agricultural Committee supports
 - a. **Make the Rural Preserve Property Tax Program more streamlined and less restrictive so it is seen as a more viable and acceptable alternative for class 2b lands that were previously (and properly) enrolled in Green Acres.**
 - i. Possible changes include: removing Board of Water and Soil Resources (BWSR) and/or Soil and Water Conservation District (SWCD) involvement in the process, removing the covenant requirement (have the provisions of the covenant be part of the application process whereby the taxpayer agrees to abide by them to enroll in the program), possible changes to the eight-year period, make changes to the payback structure, make changes to allow for non-homestead property that meets long-term ownership requirements. Any changes would still keep the Rural Preserve Property Tax Program different from Green Acres.

The meeting was adjourned.

Minutes prepared by Sue Schulz and Chair Jeanne Henderson