

Green Acres

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Property Tax Fact Sheet 5

Fact Sheet



Minnesota law requires assessors to value property at its estimated market value. Market value reflects the greatest potential use of the land, known as the “highest and best use.” This is the use of the land that will bring the greatest economic return over a given time. In other words, the most profitable legal use that land can be adapted to.

The Legislature realized that this method of valuing agricultural property was actually forcing farmers off their land in certain situations. Recognizing the importance of preserving farms in Minnesota, they developed a mechanism that allows qualifying farmers to pay real estate taxes based upon the agricultural value of their land. This law, officially known as the “Agricultural Property Tax” law, is commonly referred to as Green Acres and can be found in Minnesota Statutes, section 273.111.

There are a number of factors that can cause property values to escalate, including urban sprawl, proximity to a lake or development of a freeway past the property.

How does Green Acres work?

The assessor determines two values on Green Acres property:

1. The “actual market value” based on sales of similar property taking into consideration all of the non-farm factors that influence its market value.
2. The “agricultural value” or “Green Acres value” based on sales of agricultural property in neighboring counties or areas not affected by development pressures.

Taxes are calculated on both market values, but paid on the lower, agricultural value each year. 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 Green Acres program.

When the property is sold or no longer qualifies, the deferred tax (the difference between the agricultural tax and the tax based on highest and best use) must be paid to the county for a maximum of three years.

What about special local assessments?

Special local assessments are deferred while the property qualifies for Green Acres. However, when the property sells, all deferred special assessments are due.

How do I qualify?

If you own property that is used primarily for agricultural use, you may be eligible for the Green Acres program.

The property must:

- be “devoted to the production for sale of agricultural products”;
- be at least 10 acres in size or a nursery or greenhouse;
- produce an agricultural income of at least \$300 plus \$10 per tillable acre or at least 33 1/3% of the family income of the owner is derived from the farm; and
- be the homestead; be farmed in conjunction with the homestead property; or the property must have been in the applicant’s family for at least seven years.

How do I apply?

Green Acres applications are made to and approved by the county assessor. Proper documentation to verify agricultural income must be submitted with the application. Application forms are available at the county assessor’s office and must be filed by May 1 in order to receive consideration for the next tax payable year.

What else should I know about Green Acres?

If a property enrolled in Green Acres is sold to another person who may qualify for continuation of the Green Acres program, the new owner must apply to the county assessor within thirty days of their purchase.

If you have further questions, please contact your county assessor’s office.