

# Rural Preserve Property Tax Program

## Property Tax Fact Sheet 6

## Fact Sheet

The Rural Preserve Program provides property tax relief for qualifying owners of rural vacant land that is part of a farm in areas where the market value of the land is being affected by development pressure, sales of recreational land, or other factors.

### What is the benefit of Rural Preserve?

Rural Preserve provides property tax relief to taxpayers with eligible rural vacant land that is part of a farm, by allowing the property to be valued at an agricultural value.

The Rural Preserve program helps keep the taxable value low on qualifying rural vacant lands that are part of farms. Under the program, property taxes are based on that agricultural value and not value that is influenced by outside factors such as urban sprawl or seasonal activities.

Rural Preserve is designed to work in conjunction with the Green Acres program (see Fact Sheet 5).

### Why is the value a benefit?

Minnesota law requires assessors to value property at its estimated market value. Estimated market value must reflect its "highest and best use" (the use of the property that will bring the greatest economic benefit to the property). For many rural properties, this highest and best use may be to develop the land for a residential or recreational use. The residential or recreational value of a property may be higher than that of undeveloped land.

### How does Rural Preserve work?

The assessor determines two values on land enrolled in Rural Preserve:

1. The "estimated market value" based on sales of similar unimproved property, which might be influenced by non-agricultural factors

2. The value without regard to non-agricultural influences, which cannot be higher than the agricultural value for the area identified by the Department of Revenue

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 until the property is sold, transferred, or no longer qualifies for Rural Preserve.

### What about special assessments?

Special local assessments may be deferred while the property qualifies for Rural Preserve. When the property no longer qualifies for the program, all deferred special assessments plus interest are due.

### How do I qualify?

If you own class 2b rural vacant land that is part of a farm, you can apply for Rural Preserve. To qualify, your land must:

- be part of an agricultural homestead, at least part of which is enrolled in Green Acres
- not be enrolled in Open Space, metropolitan agricultural preserves, or the Sustainable Forest Incentive Act
- not have delinquent taxes

### How do I apply?

Rural Preserve applications are made to the County Assessor in the county where the property is located.