

**Avon Hills Initiative Executive Committee and Staff Meeting
December 27, 2006 4:45p.m.
Room 150 New Science Center, Saint John's University, Collegetown, MN**

Present: Peter Dwyer, Chair, Steve Plantenberg, Allan Davisson, Cliff Borgerding, Richard Bresnahan, John Maile, Tom Kroll, Gary Grossinger, Jeff Johnson, Vince Schaeffer

Chair Peter Dwyer called meeting to order at 4:45 pm
Minutes of last meeting were approved.

The meeting was spent listening to Stearns County Assessor Gary Grossinger and his deputy Jeff Johnson and discussing the pending property tax increases for undeveloped, non-farm land. Their presentation is summed up in the attachment they provided. (see below)

The Executive Committee understood that the role of the Assessor is not land policy, but simply assessment based on facts. Board member Allan Davisson noted that the current tax policy runs opposite to the intention of the Avon Hills Initiative to promote the preservation of open spaces. The Assessors' office noted that any land which is being used for agriculture has the option of going into the "Green Acres" program which bases the taxes on an agricultural assessment. There is no similar program for lands in the Avon Hills which are undeveloped, but not farmed. The assessors identified at least 31 such parcels in the 4 townships at this time.

- Question: Could the County Commissioners direct the Assessors to use approved growth corridors as the basis for adding the building allotment assessment? Grossinger: yes, but it would create assessment inequities that over time would have to be resolved.
- Question: How might a Conservation Overlay District affect property taxes? Assessors: The market will decide.
- Question: Do easements affect the assessment? Assessors: Yes, recorded easements which restrict buildings would reduce the assessment accordingly. About 30% at this time. Only permanent easements are counted by County policy as there is no direction from the state.

The Chair thanked the Assessors for the information and asked the group to think about policy changes that could be made at the county or state level to provide a tax policy consistent with the intentions of preserving open space.

Commissioner Vince Schaeffer offered to provide information on the "Transfer of Development Rights" from a recent contact he had:

One is our county Planning and Development Department's website, and they have several things posted about transfer of development rights proposals which our county board is considering.

<http://www.countyofdane.com/plandev/planning/>

Also, here is a link to the Town of Dunn's website. Dunn is in Dane County and is very progressive on land use issues in general, and in particular they have implemented a purchase of development rights program, which has already purchased over 2600 acres to date. I think it is a pretty good model.

<http://town.dunn.wi.us/PurchaseofDevelopmentRights.aspx>

Please let me know if you have any questions or if there is any other information I can get for you. I think Rockville would be a good location for these types of programs now, after merger, because the ability to "annex" to a city isn't really an option anymore for agricultural areas within the "new" Rockville.

*Tim Saterfield
Office of the Dane County Board of Supervisors
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Meeting adjourned at 6:30 pm

Assessors Presentation:

Stearns County Property Tax Scenario

Provided by Stearns County Assessor's Office
December 27, 2006

Zoning is A-40 meaning one needs to own at least 40 acres to build a home. This land use designation has been strictly enforced since Stearns County Zoning Ordinance # 209 went into effect on April 21, 2000.

- On average, many undeveloped 40 acre parcels around the Avon area have a 2006 estimated market value of \$3,000 per acre of \$120,000. (This scenario would apply to both unimproved agricultural and non-agricultural properties.)
- Some of these same agricultural properties enrolled in the Green Acres program have a 2006 agricultural value that is about 60% lower; say approximately \$1,200 per acre of \$48,000. (This value is the taxable market value used to calculate payable taxes in 2007.)
- For taxes payable in 2007, properties classified as agricultural non-homestead (2b property) have a class rate of 1.00% applied to its taxable market value up to \$690,000 (i.e. land and buildings excluding the house, garage, and one acre) and a class rate of 1.00% applied to that part of taxable market value falling into the second tier of value over \$690,000; and properties classified as residential non-homestead, undeveloped value. (Note: For agricultural homestead property, the first tier of value eligible for the 0.55% class rate will be adjusted to \$790,000 for taxes payable in 2008.)
- Family forest lands (i.e. woodlot) which are not part of a homesteaded farm or a family farm do not qualify for the Green Acres program and may be classified as agricultural non-homestead (2b property), seasonal recreational residential (4c(1) property), or residential non-homestead, undeveloped land (4b(1) property) depending upon their use or if there is no use, then their highest and best use.

The County Assessor's plans to value properties for the 2007 assessment included valuing building entitlements associated with A-40, A-80, and A-160 zones was reviewed and supported by the County Board of Commissioners. The County Assessor correctly noted in his talk to the commissioners that "land preservation is not in his job description." John Hagen, Information and Education Section Manager with the Minnesota Department of Revenue, noted that this is a trend dictated by correct application of state assessment policies. (Assessment values are based on similar sales, not current use!)

- Stearns County estimates a building entitlement may contribute about \$1,000 per acre (i.e. more or less depending upon location within the county) when estimating the market value of an unrestricted, unimproved 40 acre parcel.