

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 09/29/1999

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau 6-9916

By/Representing: Olin

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

LFB:.....Olin -

Topic:

modify developer penalties and definition of agricultural use for assessment purposes

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/29/1999	ygeller 09/29/1999		_____			
/1	jkreye 10/01/1999	ygeller 10/01/1999	hhagen 09/29/1999	_____	lrb_docadmin 09/29/1999		
/2			jfrantze 10/01/1999	_____	lrb_docadmin 10/01/1999		

FE Sent For:

<END>

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/1		1/2 10/1 jig	hhagen 09/29/1999	_____	lrb_docadmin 09/29/1999		

FE Sent For:

Handwritten signatures and initials: jkreye, hhagen, lrb_docadmin

<END>

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1?	jkreye	11/29 jg	11/29	11/29			

FE Sent For:

<END>

**Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 28, 1999

TO: Senator Russell Decker
Representative Michael Lehman

FROM: Rick Olin, Fiscal Analyst

SUBJECT: Budget Proposal Regarding Use Value Assessment (Revised)

At your request, this memorandum describes your proposal regarding use value assessment of agricultural land. Your proposal would make four changes.

First, your proposal would change the definition of agricultural land, which is subject to use value assessment. Current law defines agricultural land as land devoted primarily to an agricultural use. Through administrative rule, agricultural use has been defined to include: (1) producing crops, plants, vines and trees, but not forestry; (2) keeping grazing or feeding livestock for the sale of livestock or livestock products; (3) growing Christmas trees or ginseng; and (4) maintaining land eligible for enrollment in various federal agriculture programs. Your proposal would retain this definition, but would exclude from the agricultural classification any land that generated less than \$2,000 in gross farm profits resulting from an agricultural use in the preceding year.

Second, your proposal would modify the penalty on agricultural land that is sold. Under current law, the penalty is assessed against persons who sell agricultural land that they have owned for less than five years. The penalty equals 5% of the difference between the land's sale price and its value under use value. Rather than extending the penalty to the seller, your proposal would assess the penalty against persons who convert agricultural land to another use, regardless of the length of ownership. As a result, no penalty would be imposed when agricultural land is sold and the land continues in an agricultural use. In addition, your proposal would replace the current penalty with one equal to the difference between the property taxes that would have been levied on the land if it had been assessed at its fair market value and the property taxes that were actually levied on the property for the last two years that the property qualifies for use value assessment. Your proposal would make the municipality, rather than the Department of Revenue, responsible

*amended
7/1/8/2) and (P) 2*



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Date: 28 Sept 1999

DELIVER TO: JOE KROYE

Addressee Fax #: LRB Addressee Phone #: _____

of Pages, Including Cover: 4 Sender's Initials: _____

From: _____

Message:

Joe -
Following is the much-publicized
and long-awaited Olin memo
re use value changes.
Please give me a call to
discuss (6-9916).

Rick

for administering the penalty. The municipality would be directed to share the proceeds from the penalty with the underlying local taxing jurisdictions in proportion to the taxes they levied on the land during the two years covered by the penalty.

Third, your proposal would create a provision that requires owners of agricultural land to notify buyers that the land is assessed under use value provisions. This is intended to alert buyers that they would be subject to a penalty if they convert the land to another use.

Finally, your proposal would repeal a provision in current law that directs the Farmland Advisory Council to recommend to the Legislature an appropriate penalty for converting agricultural land to another use.

Your proposal would first apply to property that is assessed as of January 1, 2000.

RO/dls

*real estate
transfer
return?
language?*

*no; B.03 (199)
(6)*

#22

Senate drop (a) & (b) — keep (c) & (d)

#23 keep the senate position

+ penalty assessed against
person w/ discontinue
aggricultural

+ seller to notify buyer that agreement has
changed (?) ?!!?

+ local collection of penalty?
(county?)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb18567

JK:.....

TODAY

JLg RMR

LFB:.....Olin – modify developer penalties and definition of agricultural use for assessment purposes

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

500N
in 9-29-99

- 1 At the locations indicated, amend the substitute amendment[✓] as follows:
- 2 1. Page 812, line 2: after that line insert:
- 3 "SECTION 1655L.[✓] 70.32 (2) (c) 1.[✓] of the statutes is amended to read:
- 4 70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and
- 5 improvements, that is devoted primarily to agricultural use, as defined by rule,
- 6 except that "agricultural land" does not include land that generates less than[✓] \$2,000
- 7 in gross farm profits resulting from agricultural use as defined under s.[✓] 91.01 (1)."
- 8 2. Page 950, line 21: after that line insert:
- 9 "SECTION 1798m.[✓] 73.03 (49) (b)[✓] of the statutes is repealed."
- 10 3. Page 951, line 5: after that line insert:

1 “SECTION 1801n. 74.48 (1) of the statutes is renumbered 74.48 (1) (a) and
2 amended to read:

3 74.48 (1) (a) If a person who owns land that has been valued under s. 70.32 (2r)
4 ~~(b) is sold by a person who has owned it for less than 5 years and who has benefited~~
5 ~~from a value lower than that established by~~ changes the use of the land so that the
6 land is not valued under s. 70.32 (2r) (a), there is imposed on that person a penalty
7 equal to 5% of the difference between the ~~sale price of the agricultural land and the~~
8 ~~value that would be established for it under s. 70.32 (2r) (c) during property taxes~~
9 that would have been levied on the land if the land had been assessed at full market
10 value and the property taxes levied on the land for the last year of the person's
11 ownership 2 years that the land has been valued under s. 70.32 (2r).

12 SECTION 1801p. 74.48 (1) (b) of the statutes is created to read:

13 74.48 (1) (b) A person who owns land that has been valued under s. 70.32 (2r)
14 and who sells the land, shall notify the buyer of the land that the land has been
15 valued under s. 70.32 (2r).

16 SECTION 1801r. 74.48 (2) of the statutes is amended to read:

17 74.48 (2) Any amount due under sub. (1) shall be paid to the department of
18 revenue taxation district in which the land as described in sub. (1) is located. The
19 taxation district shall distribute the amount to the taxing jurisdictions in which the
20 land is located in proportion to the taxes levied by the taxing jurisdictions during the
21 2 years that the land has been valued under s. 70.32 (2r). plain

22 SECTION 1801s. 74.48 (3) of the statutes is amended to read:

23 74.48 (3) The department of revenue taxation district in which the land as
24 described in sub. (1) is located shall administer the penalty under this section.”

1
2
3
4
5
6

4. Page 1600, line 3: after that line insert:

^{23am}
"~~771b~~ AGRICULTURAL USE VALUE. The treatment of sections 70.32 (2) (c) 1., 73.03
(49) (b) and 74.48 (2) and (3) of the statutes, the renumbering of 74.48 (1) of the
statutes and the creation of 74.48 (1) (b) of the statutes first ~~apply~~ ^{apply} to the property
tax assessments as of January 1, 2000."

(END)

mapp



TODAY

LFB:.....Olin – Modify developer penalties and definition of agricultural use for assessment purposes

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

in 10-1-99

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 812, line 2: after that line insert:

3 "SECTION 1655L. 70.32 (2) (c) 1. of the statutes is amended to read:

4 70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and
5 improvements, that is devoted primarily to agricultural use, as defined by rule,
6 except that "agricultural land" does not include land that generates less than \$2,000
7 in gross farm profits resulting from agricultural use as defined under s. 91.01 (1)."

8 2. Page 950, line 21: after that line insert:

9 "SECTION 1798m. 73.03 (49) (b) of the statutes is repealed."

10 3. Page 951, line 5: after that line insert:

generated

in the preceding year

1 **SECTION 1801n.** 74.48 (1) of the statutes is renumbered 74.48 (1) (a) and
2 amended to read:

3 74.48 (1) (a) If a person who owns land that has been valued under s. 70.32 (2r)
4 (b) is sold by a person who has owned it for less than 5 years and who has benefited
5 from a value lower than that established by changes the use of the land so that the
6 land is not valued under s. 70.32 (2r) (a), there is imposed on that person a penalty
7 equal to 5% of the difference between the sale price of the agricultural land and the
8 value that would be established for it under s. 70.32 (2r) (c) during property taxes
9 that would have been levied on the land if the land had been assessed at full market
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11 ownership 2 years that the land has been valued under s. 70.32 (2r).

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19 taxation district shall distribute the amount to the taxing jurisdictions in which the
20 land is located in proportion to the taxes levied by the taxing jurisdictions during the
21 2 years that the land has been valued under s. 70.32 (2r).

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23 74.48 (3) The ~~department of revenue~~ taxation district in which the land as
24 described in sub. (1) is located shall administer the penalty under this section."

1 **4.** Page 1600, line 3: after that line insert:

2 “(23am) AGRICULTURAL USE VALUE. The treatment of sections 70.32 (2) (c) 1,
3 ~~76.03 (4) (b)~~ and 74.48 (2) and (3) of the statutes, the renumbering of 74.48 (1) of the
4 statutes and the creation of 74.48 (1) (b) of the statutes first apply to ~~the~~ property ~~tax~~
5 ~~assessments~~ as of January 1, 2000.”

(END)

that is assessed ✓



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1856/2
JK:jlg:jf

LFB:.....Olin - modify developer penalties and definition of agricultural use
for assessment purposes

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 812, line 2: after that line insert:

3 **“SECTION 1655L.** 70.32 (2) (c) 1. of the statutes is amended to read:

4 70.32 (2) (c) 1. “Agricultural land” means land, exclusive of buildings and
5 improvements, that is devoted primarily to agricultural use, as defined by rule,
6 except that “agricultural land” does not include land that generated less than \$2,000
7 in gross farm profits resulting from agricultural use as defined under s. 91.01 (1) in
8 the preceding year.”.

9 **2.** Page 950, line 21: after that line insert:

10 **“SECTION 1798m.** 73.03 (49) (b) of the statutes is repealed.”.

1 **3.** Page 951, line 5: after that line insert:

2 “**SECTION 1801n.** 74.48 (1) of the statutes is renumbered 74.48 (1) (a) and
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