

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-3925/1</b>	<b>Introduction Number</b> <b>AB-0743</b>	
<b>Description</b> Processing certain applications for farmland preservation agreements		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835 (2) (dm)		
<b>Agency/Prepared By</b> DOR/ Paul Ziegler (608) 266-5773	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 4/15/2010

## Fiscal Estimate Narratives

DOR 4/15/2010

LRB Number	<b>09-3925/1</b>	Introduction Number	<b>AB-0743</b>	Estimate Type	<b>Original</b>
<b>Description</b> Processing certain applications for farmland preservation agreements					

### Assumptions Used in Arriving at Fiscal Estimate

2009 Wisconsin Act 28 replaced the existing Farmland Preservation Credit (FPC) and the Farmland Tax Relief Credit with a revised Farmland Preservation Credit beginning with tax year 2010. The revised credit will be paid on a per acre basis from a new annual GPR appropriation beginning in FY11 and is statutorily capped at \$27,007,200. Beginning in FY12, the Department of Revenue is required to prorate the per acre amounts to limit the expected claims to the allowable maximum expenditures under the revised program for each fiscal year.

While establishing the revised FPC credit, Act 28 also permitted that certain FPC claimants subject to a farmland preservation agreement may continue to claim the FPC according to prior law. Consequently, Act 28 retained the previous sum sufficient appropriation for these claimants. In addition, these claimants retain an option to modify their preservation agreements to qualify for the revised credit instead of the prior law credit.

Beginning July 1, 2009, Act 28 prohibited the Department of Agriculture, Trade and Consumer Protection (DATCP) from entering into new farmland preservation agreements unless the land to be covered by the agreement is in an agricultural enterprise area (designated by DATCP after certain conditions are met).

This bill requires DATCP to process certain applications for farmland preservation agreements submitted after January 1, 2008 but before July 1, 2009 using the laws that were in effect before July 1, 2009 if the processing of the application was not completed before this date.

According to DATCP, there were about 75 applications for farmland preservation agreements in the application period specified which were not signed by the applicant prior July 1, 2009. Assuming that these applications are signed, the bill could increase the amount of tax credits paid under the sum sufficient appropriation retained for claimants submitting claims under the prior law provisions.

The average FPC paid in tax year 2008 was about \$687 per participant. Assuming that the additional 75 applicants receive the average amount paid in tax year 2008, an additional \$51,500 in additional farmland preservation tax credit payments may be paid from the GPR sum sufficient appropriation. These applicants could, however, utilize the provision allowing them to modify their agreements and thereby receive the revised rather than the prior law credit.

To the degree that the cap on the new annual appropriation is constraining, the additional payments under this bill will increase overall FPC expenditures. Also, if the applicants impacted by the bill receive FPC payments that they would not otherwise receive, or receive higher credit payments than if they receive the revised program payments, overall FPC expenditures could increase even if the cap is not constraining.

The Department of Revenue's administrative costs under the bill can be absorbed within existing expenditure authority.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>09-3925/1</b>		Introduction Number <b>AB-0743</b>	
<b>Description</b> Processing certain applications for farmland preservation agreements			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	51,500		
<b>TOTAL State Costs by Category</b>	<b>\$51,500</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	51,500		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State		Local
NET CHANGE IN COSTS	\$51,500		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	4/15/2010