

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-1360/1	Introduction Number SB-024
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Description
 Eliminating the fee for having land rezoned out a farmland preservation zoning district and eliminating the program for purchasing agricultural conservation easements

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<p>Fund Sources Affected</p> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	<p>Affected Ch. 20 Appropriations</p> Ss. 20.115(7)(tb), (tg), (tm) and (ts); and 20.866 (2)(wg), Stats.
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Agency/Prepared By DATCP/ Keith Foye (608) 224-4603	Authorized Signature Bill Walker (608) 224-4353	Date 3/15/2011
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Fiscal Estimate Narratives

DATCP 3/15/2011

LRB Number	11-1360/1	Introduction Number	SB-024	Estimate Type	Original
Description Eliminating the fee for having land rezoned out a farmland preservation zoning district and eliminating the program for purchasing agricultural conservation easements					

Assumptions Used in Arriving at Fiscal Estimate

This bill removes the requirement to collect a conversion fee when land is rezoned out of a certified farmland preservation zoning district. The bill also eliminates the state Purchase of Agricultural Conservation Easement (PACE) cost share program and the \$12 million in bond authority for this purpose.

Under current law, any conversion fee revenues collected are placed in the state specified trust fund to fulfill increased DATCP responsibilities in the administration of the Farmland Preservation Program, funding for planning grants to counties, and financial support of the purchase of easements under the PACE program.

By eliminating the state conversion fee, state revenues would decrease by between \$1.4 million and \$3.2 million per year. This estimate is based on conversions of between 2,000 and 4,000 acres per year at an estimated average conversion fee of \$680 to \$810 per acre. The conversion fee is based on three times the per-acre value of the highest-value category of tillable cropland in the local government in which the rezoned land is located. The 2010 conversion fees are to be reported to DATCP by March 1, 2011. To date DATCP has received 61 of the 187 potential reports from local governments (cities, villages, towns, and counties) with certified ordinances. These 61 reports include about 730 acres rezoned with an approximately \$557,000 in conversion fees remitted to the state.

The proposed bill has minimal impact on costs to local government. The bill will reduce revenues for local governments that choose to levy a local conversion fee in addition to the state fee for lands rezoned from the certified farmland preservation zoning district. Several local governments currently have adopted a local rezone conversion fee.

The bill eliminates the PACE cost share program and the \$12 million in bond authority authorized by current law. A number of county and town programs are currently in the process to take advantage of the state matching funds to purchase conservation easements. Local governments currently in process on approved 2010 PACE projects have incurred costs with the expectation of reimbursement for appraisals and title searches. The state's PACE program is currently being used to leverage federal funding from the Natural Resource Conservation Service Farm and Ranchland Protection Program (FRPP) by local governments. In the 2010 and 2011 selection rounds, it is estimated that the State PACE funds would leverage about \$3-\$4 million in federal FRPP funds.

Long-Range Fiscal Implications

Over time without a payback provision, the elimination of the conversion fee may result in increased farmer participation in the FPP program with more farmers claiming tax credits, and this may reduce the amount paid for credits.