

**1999 DRAFTING REQUEST**

**Bill**

Received: **10/26/98**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **David Brandemuehl (608) 266-1170**

By/Representing: **Paul**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - property**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

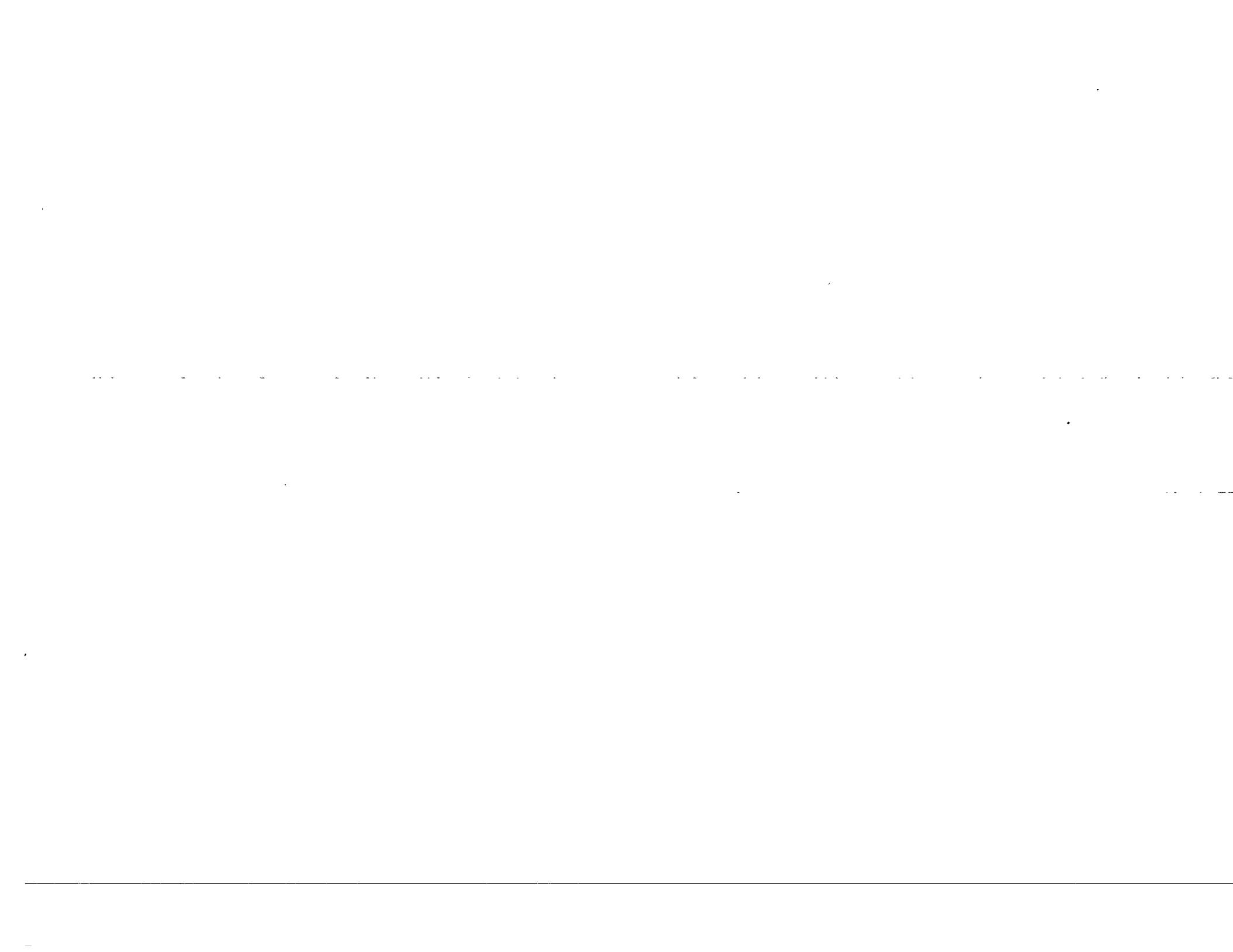
Definition of "agricultural land" for property tax purposes

**Instructions:**

See Attached. Amend s. 70.32 (2) (c) 1. by using language provided

**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>
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/1		jkreye	hhagen	_____	lrb_docadmin		S&L



<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typist</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/3			martykr 03/29/99	_____	lrb_docadmin 03/29/99	lrb_docadmin 03/29/99	

FE Sent For: 01/28/99.

Handwritten annotations: An arrow points from the word 'C' to the date '01/28/99' in the 'FE Sent For' line. Another arrow points from the date '04-21-99' to the date '03/29/99' in the table. The date '04-21-99' is written with a circled '4'.

<END>



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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typist</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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01/25/99

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01/25/99

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01/27/99

FE Sent For:

01-28-99  
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<END>

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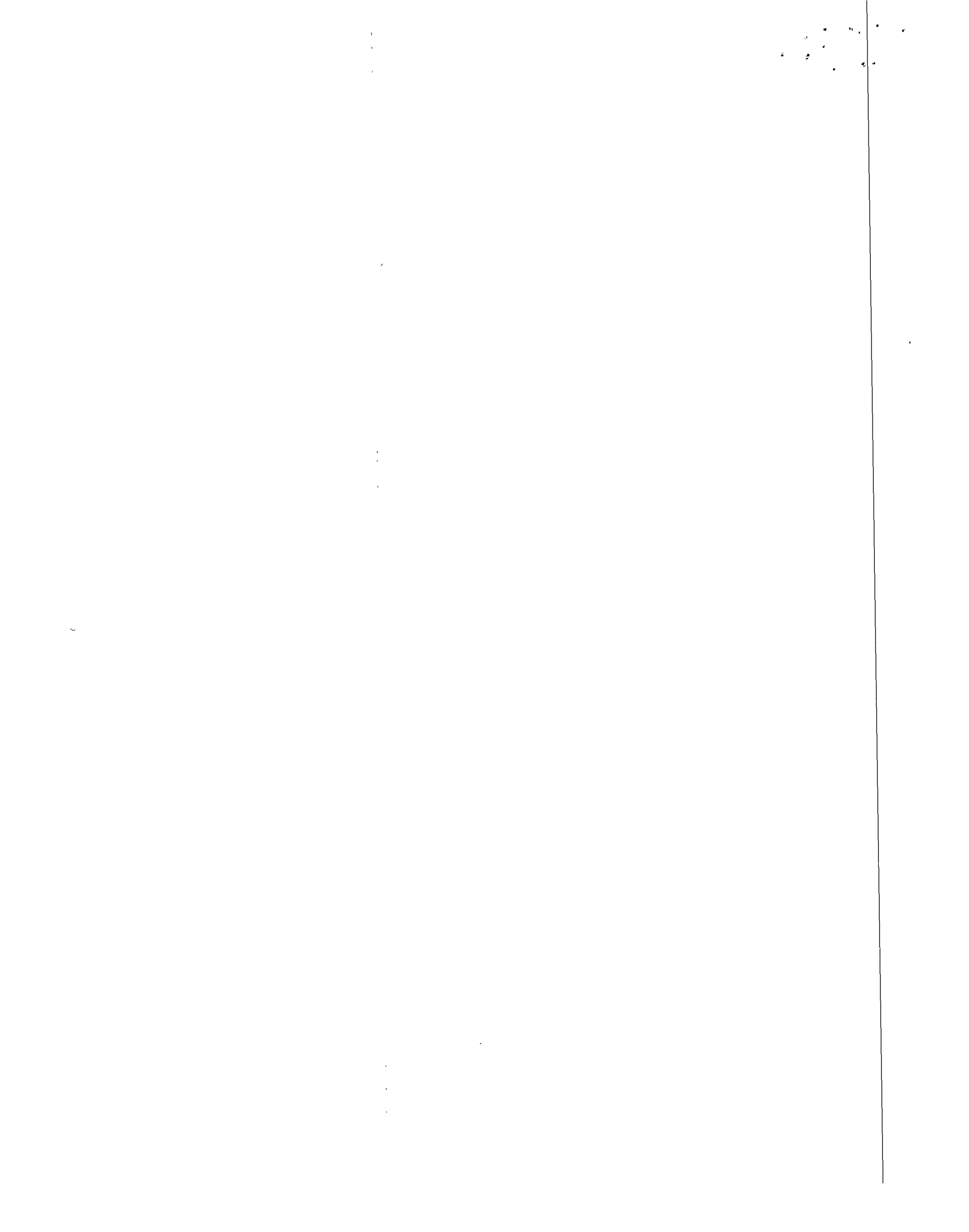
See Attached. Amend s. 70.32 (2) (c) 1. by using language provided

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*Handwritten notes:*  
 Jim 1/25 - DS  
 Jim 1/25

FE Sent For:



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Extra Copies:

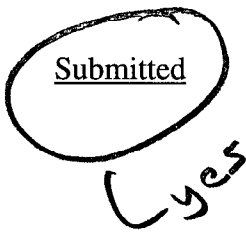
#### Topic:

Definition of "agricultural land" for property tax purposes

#### Instructions:

See Attached. Amend s. 70.32 (2) (c) 1. by using language provided

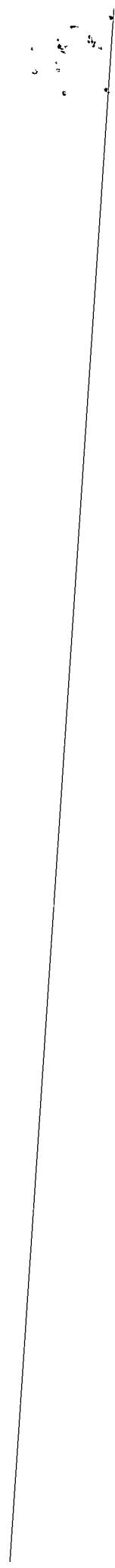
#### Drafting History:

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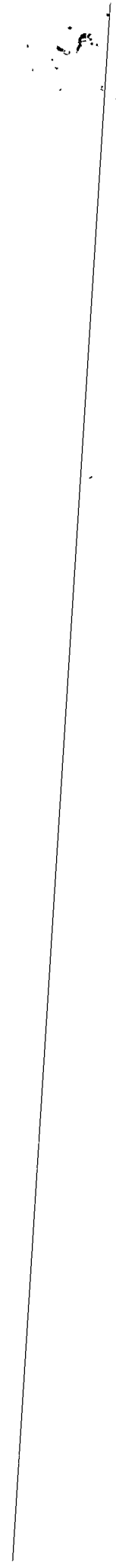
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/?	shoveme		<i>Km 1/25</i>	_____			
				_____			

FE Sent For:

**<END>**



Marc:

Please draft the following amendment:

70.32(2) (C)1

Amendment

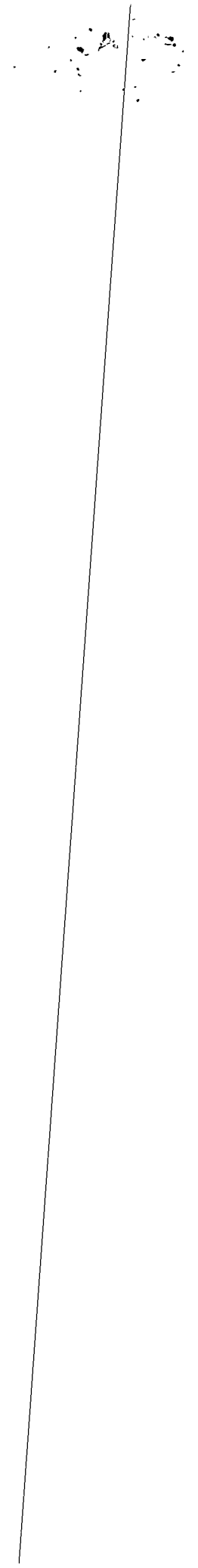
Second line after "improvements", "land also means wooded acreage that is completely surrounded by tillable or pasture land, as well as wooded acreage that is essential for conservation purposes and/or for the operation of the farm within which said acreage is encompassed (contained) or adjacent (attached) to", that is devoted primarily to agricultural use, as defined by rule.

If you have any questions, give me a call.

Thank you.

Paul Hoiland  
Legislative Assistant to State Rep. Brandemuehl

266-1170



1999

Date (time) needed

D-NOTE

LRB - 0776

PI

BILL

JK : WJ :  
+  
JLg

Use the appropriate components and routines developed for bills.

AN ACT... [generate catalog] to repeal ... ; to renumber ... ; to consolidate and renumber ... ; to renumber and amend ... ; to consolidate, renumber and amend ... ; to amend ... ; to repeal and recreate ... ; and to create ... of the statutes; relating to: <sup>ie</sup> the definition of agricultural land for purposes of the property tax.

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

Analysis by the Legislative Reference Bureau

For the 3 titles used in an analysis, in the component bar:

For the main heading [old =M], execute: ..... create → anal: → title: → head

For the subheading [old =S], execute: ..... create → anal: → title: → sub

For the sub-subheading [old =P], execute: ..... create → anal: → title: → sub-sub

ANALYSTS

This is a preliminary draft. An analysis will be added later.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION #.



Section #. 70.32 (2) (c) 1. of the statutes is amended to read:

70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and improvements, that is devoted primarily to agricultural use, as defined by rule.

History: 1973 c. 90; 1977 c. 29, 418; 1979 c. 34; 1981 c. 20, 390; 1983 a. 36; 1983 a. 275 s. 15 (8); 1983 a. 410; 1985 a. 54, 153; 1991 a. 39, 316; 1993 a. 337; 1995 a. 27, 201, 227.

"Agricultural land" also means wooded land that is completely surrounded by tillable land or pasture land or both, and wooded land that is essential for conservation for the operation of an adjacent farm or the operation of the farm on which the wooded land is located.

wooded land that is essential for

**EFFECTIVE DATE**

1. In the component bar: For the action phrase, execute: ... **create** → **action:** → \*NS: → **effdate**  
For the text, execute: ..... **create** → **text:** → \*NS: → **effdateA**
2. Nonstatutory subunits are numbered automatically if "( #1 )", "(#2)", etc., is filled in. Below, fill in "\_\_\_\_" or "( )" only if a "frozen" number is needed.

**SECTION # \_\_\_\_\_ . Effective date.**

( #1 ) <sup>CG</sup> Agricultural lands ..... This act takes effect on the January 1 after publication ✓

End ✓

D-NOTE

1. In the component bar: For the action phrase, execute: .. **create** → **action:** → \*NS: → **effdateE**  
For the text, execute: ..... **create** → **text:** → \*NS: → **effdate**
2. Nonstatutory subunits are numbered automatically if "( #1 )", "(#2)", etc., is filled in. Below, fill in "\_\_\_\_" or "( )" only if a "frozen" number is needed.

**SECTION # \_\_\_\_\_ . Effective dates; .....**

..... This act takes effect on the day after publication, except as follows:

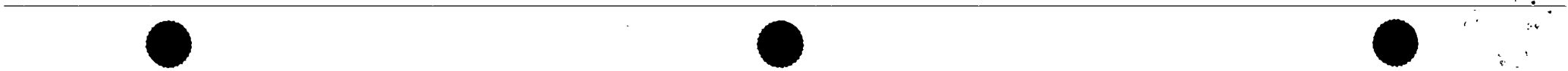
( #1 ) ( ) ..... The treatment of sections ..... of the statutes takes effect on .....

1. In the component bar: For the budget action phrase, execute:.. **create** → **action:** → \*NS: → **94XX**  
For the text, execute: ..... **create** → **text:** → \*NS: → **effdate**
2. Nonstatutory subunits are numbered automatically if "( #1 )", "(#2)", etc., is filled in. Below, for the budget, fill in the **9400** department code; and fill in "( )" only if a "frozen" number is needed

**SECTION 94 \_\_\_\_\_ . Effective dates; .....**

( #1 ) ( ) ..... The treatment of sections ..... of the statutes takes effect on .....



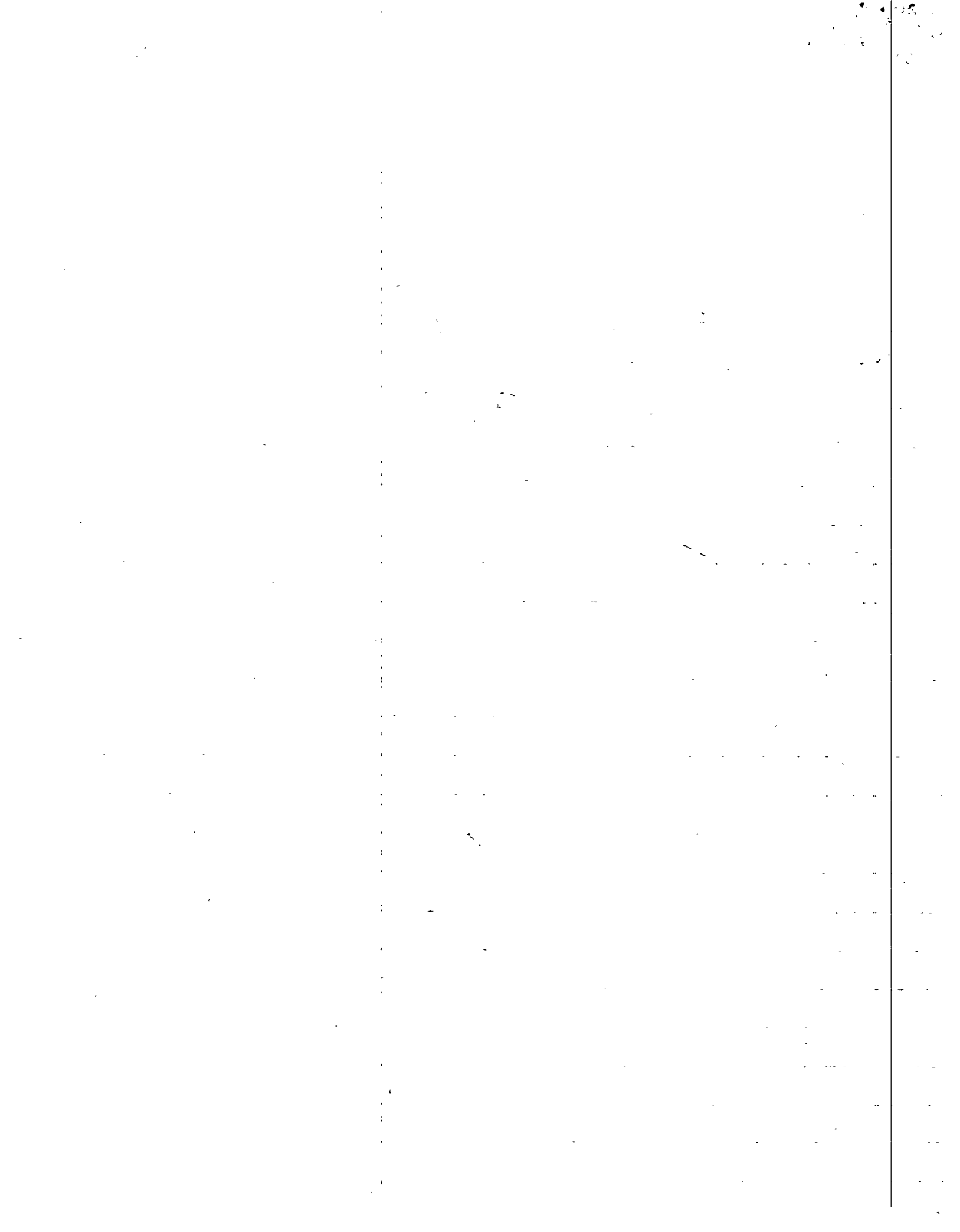


I assume that you are changing the definition of "agricultural land" in order to make the favorable method of assessing that kind of land apply also to some wooded land. However, the favorable method has been in effect since 1986, which causes a transitional problem. Making the favorable method apply retroactively will cause the administrative problems of forcing a recalculation of tax liability, and the more serious problem of assessing certain land as of January 1, 1986. I think that the draft needs to specify the way in which wooded land that becomes "agricultural land" is to be assessed. If you would like to discuss this problem, please feel free to contact me.



JK

which is the base date for the calculations under section 70.32(2r) of the statutes.



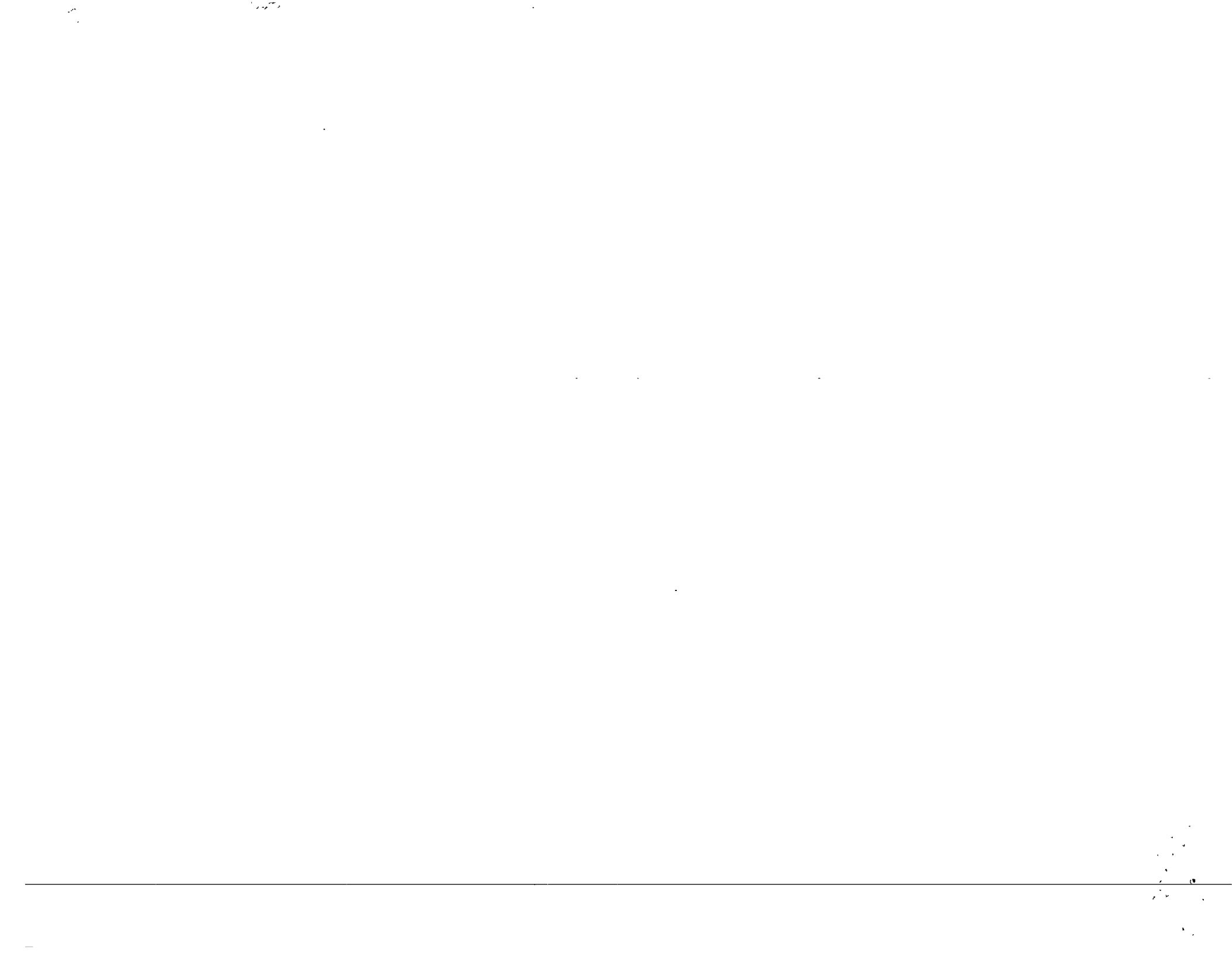
**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0776/P1dn  
JK:wlj&jlg:ijs

December 28, 1998

I assume that you are changing the definition of "agricultural land" in order to make the favorable method of assessing that kind of land apply also to some wooded land. However, the favorable method has been in effect since 1996, which causes a transitional problem. Making the favorable method apply retroactively will cause the administrative problem of forcing a recalculation of tax liability and the more serious problem of assessing certain land as of January 1, 1996, which is the base date for the calculations under section 70.32 (2r) of the statutes. I think that the draft needs to specify the way in which wooded land that becomes "agricultural land" is to be assessed. If you would like to discuss this problem, please feel free to contact me.

Joseph Kreye  
Legislative Attorney  
266-2263







options for assessments

LRB-0776  
(changing def of ag land)

- 1) once re-assessments (parcel value as of 1-1-96)  
w/ or without retro app. (be the same as "real" ag. land)  
adjusting taxes
  - 2) step assessments of "pseudo ag" land into  
calculations from effective date to 12-31-2008  
(with propertare application only) (larger reductions)
  - 3) begin after 12-31-2008  
(reversible method ends in 2008)
- would accomplish w/ non-statutory provision

Brandenburg.



1



~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

*re-generate*

1 AN ACT to amend 70.32 (2) (c) 1. of the statutes; relating to: the definition of  
2 agricultural land for purposes of the property tax.

*Analysis by the Legislative Reference Bureau*

*see attached*

~~This is a preliminary draft. An analysis will be provided in a later version.~~

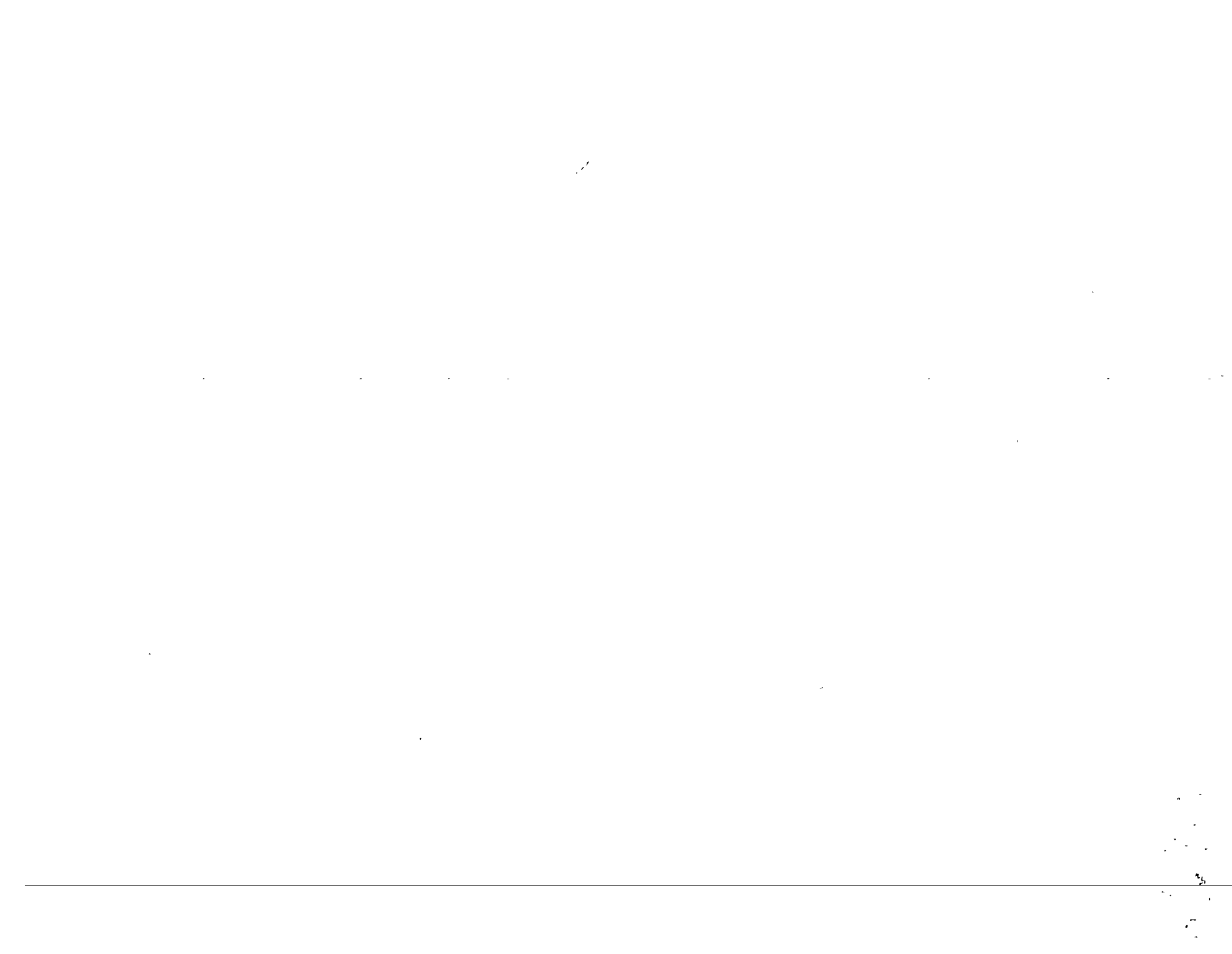
*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

3 SECTION 1. 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 "Agricultural land" also means wooded land that is completely surrounded by tillable  
7 land or pasture land or both, wooded land that is essential for conservation <sup>and</sup> wooded  
8 land that is essential for the operation of an adjacent farm or the operation of the  
9 farm on which the wooded land is located.

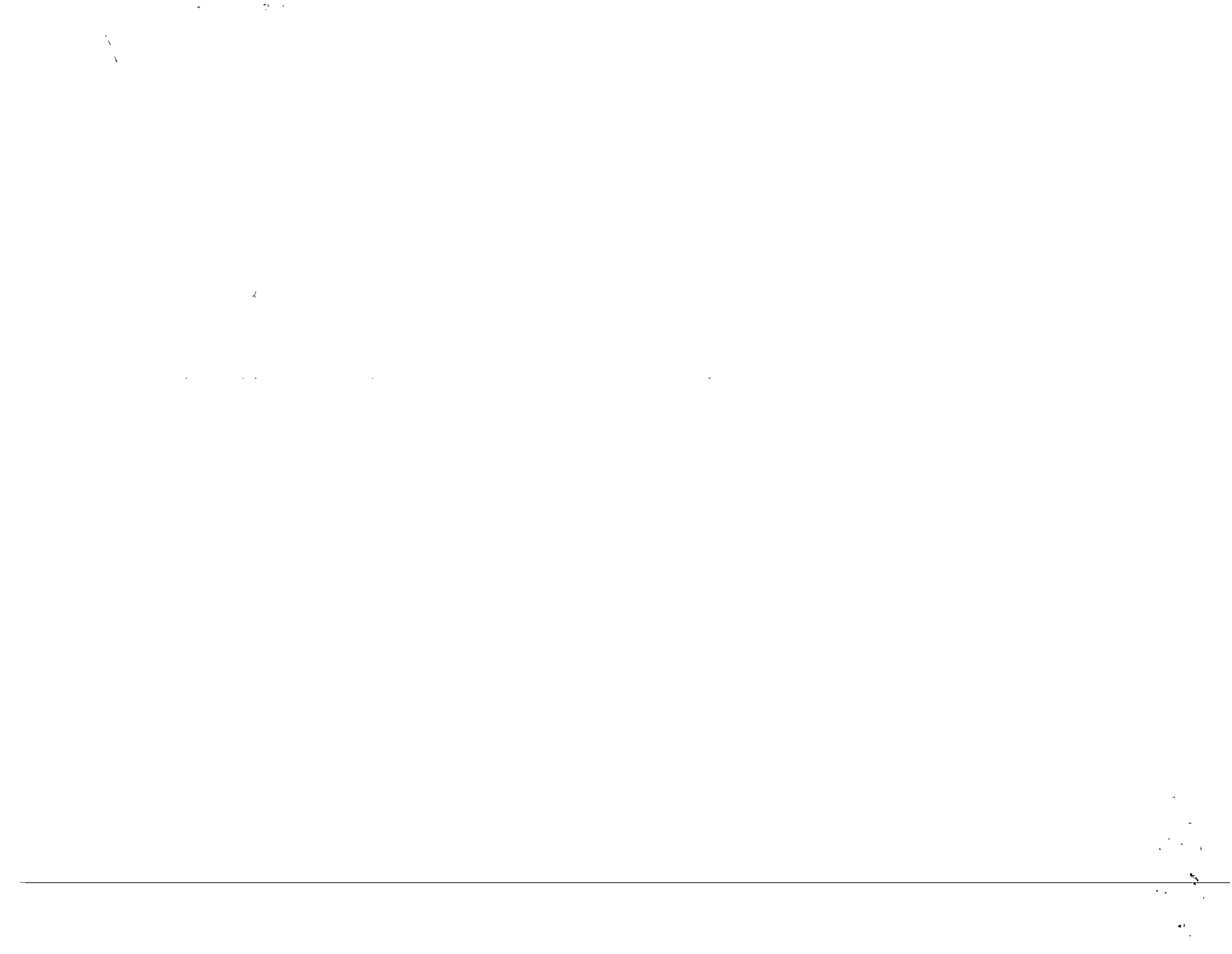
10 SECTION <sup>#</sup>2. Effective date.

*insert 1-10*



1 (1) AGRICULTURAL LAND. This act takes effect on the January 1 after publication.

2 (END)



*Analysis by the Legislative Reference Bureau*

Under current law, the assessed value of a parcel of agricultural land is frozen at the assessed value of the parcel as of January 1, 1995. Agricultural land does not include wooded land.

For each year's property tax assessment, the assessed value of a parcel of agricultural land is reduced by a four-part formula that includes subtracting the use value of the parcel from its frozen assessed value. The use value of a parcel of agricultural land is based on the income that is or could be generated from the rental of the parcel for agricultural use. Beginning with the property tax assessment after December 31, 2008, the formula for reducing the assessed value of a parcel of agricultural land ~~will~~ <sup>doer</sup> not apply, and a parcel of agricultural land ~~will be~~ <sup>is</sup> assessed at its use value.

Under this bill, agricultural land includes wooded land. The assessed value of a parcel of agricultural land that is wooded land is frozen at its assessed value as of January 1, ~~1995~~ <sup>2000</sup>. Beginning with the assessments as of January 1, ~~2000~~ <sup>2009</sup>, agricultural land that is wooded land is subject to the same tax assessment reducing formula as other agricultural land. After ~~December 31, 2008~~ <sup>January 1, 2009</sup>, agricultural land that is wooded land will be assessed at its use value.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

2000

2001

the assessments <sup>as</sup> of  
January 1, 2009.

1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0776/P1ins  
JK:wlj&jlg:ijs

1-10

~~SECTION 1.~~ <sup>#</sup> 70.32 (2r) (a) <sup>✓</sup> of the statutes is amended to read:

70.32 (2r) (a) For the assessments as of January 1, 1996, and January 1, 1997, or until the farmland advisory council under s. 73.03 (49) makes its recommendation, but not to extend beyond January 1, 2009, the assessed value of each parcel of agricultural land that is not wooded land is the assessed value of that parcel as of January 1, 1995. For the assessments as of January 1, <sup>2001</sup>~~2000~~, but not to extend beyond January 1, 2009, the assessed value of each parcel of agricultural land that is wooded land, as defined in sub. (2) (c) 1., <sup>✓</sup> is the assessed value of that parcel as of January 1, <sup>2000</sup>~~1999~~. as defined in sub. (2) (c) 1. <sup>✓</sup>

~~SECTION 2.~~ <sup>#</sup> 70.32 (2r) (b) 1. <sup>✓</sup> of the statutes is amended to read:

70.32 (2r) (b) 1. Subtract the value of the parcel as determined according to the income that is or could be generated from its rental for agricultural use, as determined by rule, from its assessed value as of January 1, 1996, if the parcel is agricultural land that is not wooded land, or from its assessed value as of January 1, <sup>2001</sup>~~2000~~, if the parcel is agricultural land that is wooded land, as defined in sub. (2) (a) 1. <sup>✓</sup>

~~SECTION 3.~~ <sup>#</sup> 70.32 (2r) (b) 4. <sup>✓</sup> of the statutes is amended to read:

70.32 (2r) (b) 4. Subtract the amount under subd. 3. from the parcel's assessed <sup>✓</sup> value as of January 1, 1996, <sup>✓</sup> if it is agricultural land that is not wooded land, or from <sup>✓</sup> the parcel's assessed value as of January 1, <sup>2001</sup>~~2000~~, if it is agricultural land that is wooded land, as defined in sub. (2) (a) 1.

call John Rader - Brandemuhl draft  
- ag land

- phase in

- 266-0939

call John on Tuesday re draft.

ret'd call 1-20-99 (Wed) 305pm

John out of office until 430pm

I called Paul at Rep B - just to keep him posted

spoke to John on 1-21-99

needs to come in at same percentage

both ag land & wooded land need to be  
phased in at same rate

30% phased in value at 2000

\* start at same phase in rate as other ag  
land — as determined by DOR

see analysis — should say "some" wooded land

intent to have agreement of w. l. that  
now become ag to become phased-in  
at same rate as ag land

— assessed at true value  
by 2008

~~Handwritten scribbles~~





# 1999 BILL

*re-gen*

1 AN ACT to amend 70.32 (2) (c) 1., 70.32 (2r) (a), 70.32 (2r) (b) 1. and 70.32 (2r) (b)  
2 4. of the statutes; relating to: the definition of agricultural land for purposes  
3 of the property tax.

### *Analysis by the Legislative Reference Bureau*

Under current law, the assessed value of a parcel of agricultural land is frozen at the assessed value of the parcel as of January 1, 1995. Agricultural land does not include wooded land.

For each year's property tax assessment, the assessed value of a parcel of agricultural land is reduced by a four-part formula that includes subtracting the use value of the parcel from its frozen assessed value. The use value of a parcel of agricultural land is based on the income that is or could be generated from the rental of the parcel for agricultural use. Beginning with the property tax assessment after December 31, 2008, the formula for reducing the assessed value of a parcel of agricultural land does will not apply, and a parcel of agricultural land is assessed at its use value.

Under this bill, agricultural land includes <sup>some</sup> wooded land. The assessed value of a parcel of agricultural land that is wooded land is frozen at its assessed value as of January 1, 2000. Beginning with the assessments as of January 1, 2001, agricultural land that is wooded land is subject to the same tax assessment reducing formula as other agricultural land. After the assessments as of January 1, 2009, agricultural land that is wooded land will be assessed at its use value.

**BILL**

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

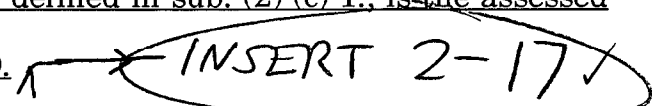
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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

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

2           70.32 (2) (c) 1. “Agricultural land” means land, exclusive of buildings and  
3 improvements, that is devoted primarily to agricultural use, as defined by rule.  
4 “Agricultural land” also means wooded land that is completely surrounded by tillable  
5 land or pasture land or both, wooded land that is essential for conservation and  
6 wooded land that is essential for the operation of an adjacent farm or the operation  
7 of the farm on which the wooded land is located.

8           **SECTION 2.** 70.32 (2r) (a) of the statutes is amended to read:

9           70.32 (2r) (a) For the assessments as of January 1, 1996, and January 1, 1997,  
10 or until the farmland advisory council under s. 73.03 (49) makes its recommendation,  
11 but not to extend beyond January 1, 2009, the assessed value of each parcel of  
12 agricultural land that is not wooded land, as defined in sub. (2) (c) 1., is the assessed  
13 value of that parcel as of January 1, 1995. For the assessments as of January 1, 2001,  
14 but not to extend beyond January 1, 2009, the assessed value of each parcel of  
15 agricultural land that is wooded land, as defined in sub. (2) (c) 1., is the assessed  
16 value of that parcel as of January 1, 2000. 

17           **SECTION 3.** 70.32 (2r) (b) 1. of the statutes is amended to read:

18           70.32 (2r) (b) 1. Subtract the value of the parcel as determined according to the  
19 income that is or could be generated from its rental for agricultural use, as  
20 determined by rule, from its assessed value as of January 1, 1996, if the parcel is  
21 agricultural land that is not wooded land, or from its assessed value as of January

**BILL**

1 1, 2001, if the parcel is agricultural land that is wooded land, as defined in sub. (2)  
2 (c) 1.

3 **SECTION 4.** 70.32 (2r) (b) 4. of the statutes is amended to read:

4 70.32 (2r) (b) 4. Subtract the amount under subd. 3. from the parcel's assessed  
5 value as of January 1, 1996, if it is agricultural land that is not wooded land, or from  
6 the parcel's assessed value as of January 1, 2001, if it is agricultural land that is  
7 wooded land, as defined in sub. (2) (c) 1.

8 **SECTION 5. Effective date.**

9 (1) AGRICULTURAL LAND. This act takes effect on the January 1 after publication.

10 (END)

Insert 2-17

No. 9

For the assessments <sup>as</sup> of January 1, 2001, but not to  
extend beyond January 1, 2009, agricultural land  
that is not wooded land and agricultural  
land that is wooded land shall be  
assessed <sup>ss</sup> at the same rate, <sup>as</sup> determined  
by the department of revenue. For the  
assessments after December 31, 2008, all  
agricultural land shall be assessed <sup>ss</sup>  
by the method under par. (c).

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**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 1/25/99

**To:** Representative Brandemuehl

**Relating to LRB drafting number:** LRB-0776

**Topic**

Definition of "agricultural land" for property tax purposes

**Subject(s)**

Tax - property

1. **JACKET** the draft for introduction Brandemuehl  
in the **Senate** \_\_\_ or the **Assembly**  (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_.  
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction Brandemuehl.  
If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Joseph T. Kreye, Legislative Attorney  
Telephone: (608) 266-2263

Joe,

Please redraft LRB 99-0776/2  
for Rep. Brandemuehl with the  
definition of "Agricultural land"  
included in the memo. Also,  
provide that the wooded land  
is to be valued at the <sup>price</sup> rate for  
pasture land.

Thanks,

Bill Ford  
266-0680

Handwritten text, possibly bleed-through from the reverse side of the page. The text is extremely faint and illegible due to low contrast and scan quality. It appears to be organized into several lines or paragraphs, but the specific words and sentences cannot be discerned.





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## WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536

Telephone: (608) 266-1304

Fax: (608) 266-3830

Email: leg.council@legis.state.wi.us

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DATE: March 8, 1999

TO: REPRESENTATIVE DAVID BRANDEMUEHL

FROM: William Ford, Senior Staff Attorney

SUBJECT: Second Draft Relating to Use Value Property Taxation of Wooded Land Contiguous to Agricultural Land

The following is a revision of s. 70.32 (2) (c) 1., Stats., to include in the definition of "agricultural land" for purposes of use value property taxation certain wooded land. The revised language is indicated by underscores.

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

70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and improvements, that is devoted primarily to agricultural use, as defined by rule, and land, exclusive of buildings and improvements, that is:

(a) Contiguous to agricultural land and owned by the same person that owns the contiguous agricultural land;

(b) Limited in acreage to not more than 75% of the total acreage of contiguous land owned by the same person;

(c) So covered with trees or woody vegetation that it is impracticable to use the land as it currently exists for pasture land or for growing crops; and

(d) Not productive forest land.

The above language responds to concerns of the Department of Revenue (DOR) concerning LRB-0776/2, that the term "wooded land" was not defined in that draft. In addition, the language provides that the revised definition of "agricultural land" does not include "productive forest land" as defined in s. 70.32 (2) (c) 2., Stats. "Productive forest land" is defined to mean

land that is producing or is capable of producing commercial forest products and is not included in another classification for purposes of property taxation.

The other major concern expressed by the DOR with respect to LRB-0776/2 is that that draft did not address the question of how land covered with trees or woody vegetation is to be valued. One way of addressing this concern would be to provide that wooded land that qualifies as agricultural land under revised s. 70.32 (1) (c), Stats., is to be valued at a certain percentage per acre of the valuation of tillable crop land as established by the DOR under s. Tax 18.06 (2), Wis. Adm. Code.

Please contact me at the Legislative Council Staff offices if I can provide further assistance.

WF:jal:tl;ksm

JAN 29 1999

NOTE: PLEASE RETURN THIS BILL DRAFT AND THIS TRANSMITTAL SHEET WITH YOUR FISCAL ESTIMATE FORMS

IF THERE IS A FISCAL EFFECT TO THE BILL, PLEASE SUBMIT THE FISCAL ESTIMATE WORKSHEET.

TO: **Eng Braun**  
**Department of Revenue**

FROM: Deborah Uecker  
Division of Executive Budget and Finance  
101 East Wilson Street  
Administration Building, 10th Floor  
Madison, WI 53702

SUBJECT: Fiscal Estimate - **LRB Number 0776/2**  
**1998 Bill Number**

*copy to*  
*Brandemuehl*  
*sent*  
*02-08-99*

Please provide the necessary information on fiscal estimate forms and return five (5) copies to Deborah Uecker, no later than: 04-Feb-99

If you cannot comply with the above deadline for any reason, please call Deborah at 267-0371.

Provide local government costs.

\_\_\_\_\_ is responsible for local government costs.

**ALSO SENT TO:**  
Department of Revenue

DATE DOA SENT TO AGENCY:

28-Jan-99

DATE DOA RECEIVED FROM AGENCY:

2/8/99

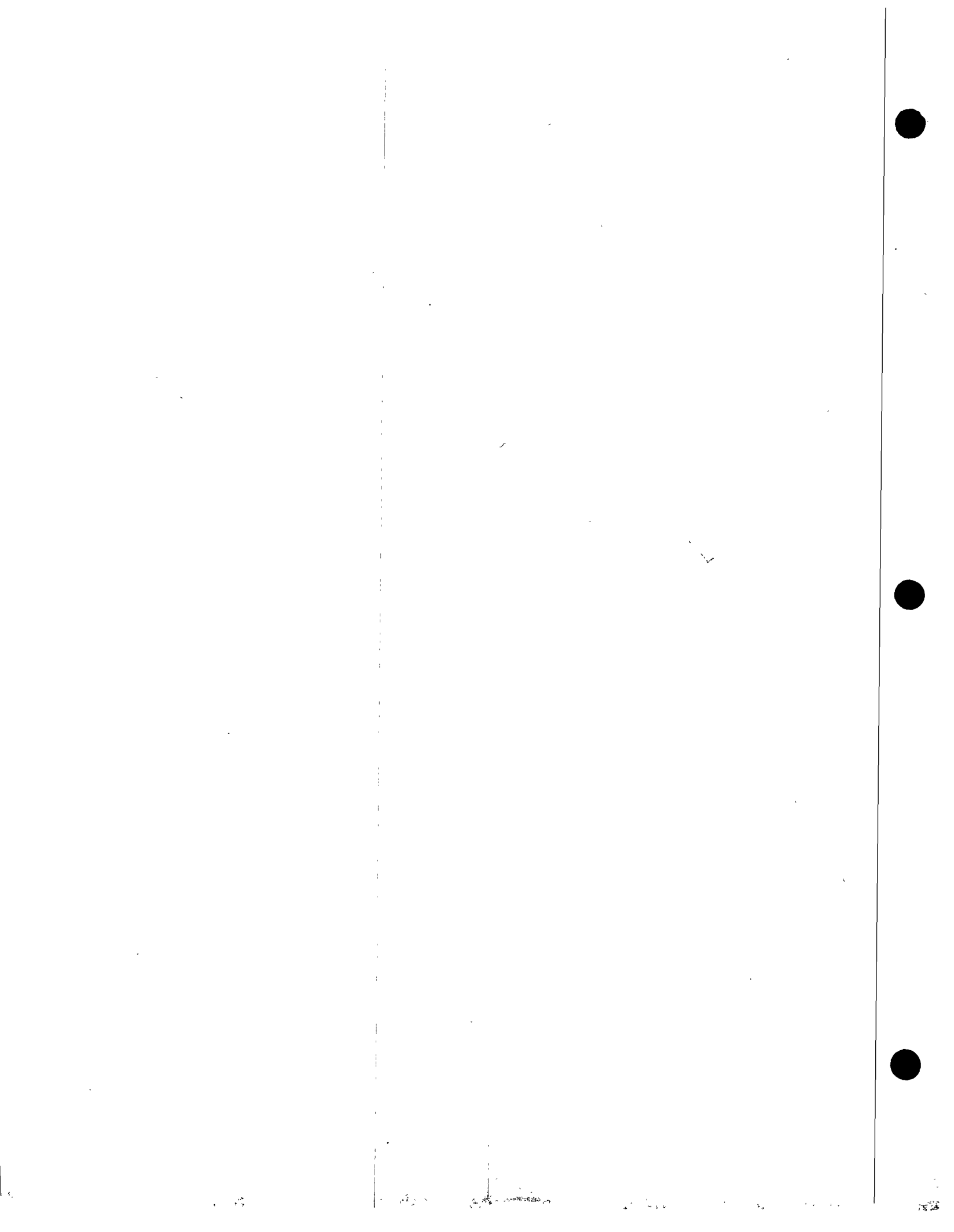
**TO BE COMPLETED BY AGENCY:**

Name and phone number of person who prepared the fiscal estimate.

Blair Kruger  
(Name)

266-1310  
(Phone Number)

PLEASE SEND ORIGINAL COPIES OF THE FORMS THAT CAN BE REPRODUCED.



FISCAL ESTIMATE

ORIGINAL  UPDATED

DOA-2048 N(R10/98)

CORRECTED  SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

LRB 0776/2

Amendment No. if Applicable

Subject

Definition of Agricultural Land for Property Tax Purposes

Fiscal Effect

State:  No State Fiscal Effect  
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation  Increase Existing Revenues
- Decrease Existing Appropriation  Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb  
Within Agency's Budget  Yes  No

Decrease Costs

Local:  No Local Government Costs

- 1.  Increase Costs  
 Permissive  Mandatory
- 2.  Decrease Costs  
 Permissive  Mandatory

- 3.  Increase Revenues  
 Permissive  Mandatory
- 4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:
- Towns  Villages  Cities
  - Counties  Others \_\_\_\_\_
  - School Districts  WTCS Districts

Fund Sources Affected

GPR  FED  PRO  PRS  SEG  SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, certain wooded land is classified "agricultural" and the assessment of such land is frozen in 2001 at its January 1, 2000 assessment. From 2002 to 2008, wooded land that is classified agricultural is assessed according to a statutory formula based on the frozen 2000-01 assessment and the land's agricultural use value. Beginning in 2009, wooded land that is classified agricultural is assessed at its agricultural use value.

Local Fiscal Effect. The bill's fiscal effect is the shift in property taxes that may occur as a result of reclassifying certain wooded land as agricultural and assessing such wooded land according to its value in agricultural use. To the extent that these changes reduce assessments relative to what they would be under current law, taxes are shifted from owners of wooded agricultural land to owners of other property. Since the bill first affects assessments as of January 1, 2001, the fiscal effect first affects property taxes payable in 2002. The Department is unable to estimate the property tax shift under the bill due to a lack of data, including information on how much wooded land would qualify for reclassification as agricultural, where such land is located, and the rate of increase in its market value.

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Yeang-Eng Braun <i>Yeang-Eng Braun</i> (608) 266-2700	2/5/99

Under the bill, local assessors would incur the costs of reclassifying wooded land as agricultural as well as the costs of setting up and maintaining records for such land.

State Fiscal Effect. Under the bill, the state would have to amend the administrative rule regarding use value of agricultural land to allow for wooded agricultural land. In addition, the state would have to make minor revisions to the Wisconsin Property Assessment Manual and training materials. The costs of these revisions would be absorbed.

YEB 2/5/99

**1999 Session**

**FISCAL ESTIMATE  
DOA-2047 N(R10/98)**

ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
LRB 0776/2	

**Subject**  
Definition of Agricultural Land for Property Tax Purposes

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:	Annualized Fiscal impact on State Funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	( - FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
<b>B. State Costs by Source of Funds</b>		
GPR	\$	\$ -
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>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ see text of fiscal note	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue	Yeang-Eng Braun <i>Yeang Eng Braun</i>	2/5/99
Blair P. Kruger, (608) 266-1310	(608) 266-2700	



State of Wisconsin  
LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION (608) 266-3561  
REFERENCE SECTION (608) 266-0341  
FAX (608) 266-5648

ATTY. PETER J. DYKMAN  
ACTING CHIEF

LRB  
2

February 8, 1999

**MEMORANDUM**

**To:** Representative Brandemuehl

Joseph T. Kreye, Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to 1999 (LRB 99-0776/2)

---

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.



## MEMORANDUM

February 5, 1999

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 0776/2 - Definition of Agricultural Land for Property Tax Purposes

We have the following technical concerns with LRB 0776/2:

1. The bill lacks precision in the following areas:
  - (a) At page 2, lines 12 and 15, and page 3, lines 5-6 and 11, the bill refers to "wooded land, as defined in sub. (2)(c)1." However, the term "wooded land" is not defined.
  - (b) At page 2, line 5, the term "essential for conservation" is not defined. It is not clear how an assessor would distinguish between forest land and agricultural land that is wooded.
  - (c) At page 2, lines 6-7, the term "essential for the operation" is not defined.
2. At page 2, lines 16-19, the sentence containing the phrase "assessed at the same rate" does not provide a clear instruction. If the intent of the sentence is to require use of the same number-of-years multiplier for wooded agricultural land as for agricultural land that is not wooded, the author could amend s. 70.32(2r)(b)2.
3. The author may want to clarify in s. 70.32(2r)(b) that the phase-in for agricultural land that is wooded begins in 2002 since s. 70.32(2r)(b) currently requires the phase-in to begin in 1998 or once administrative rules have been promulgated.
4. If the bill is enacted, the Department of Revenue must incorporate it into the administrative rule and the Farmland Advisory Council must develop recommended use values. It would be helpful if the author could provide guidance in setting the use value of land that is not in agricultural use.

If you have questions regarding this technical memorandum, please contact Blair Kruger at 266-1310.

YEB:BK:ds  
t:\fsn99-00\bk\lrb07762.tec

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# 1999 BILL

re-gen

1 **AN ACT to amend** 70.32 (2) (c) 1., 70.32 (2r) (a), 70.32 (2r) (b) 1. and 70.32 (2r) (b)  
2 4. of the statutes; **relating to:** the definition of agricultural land for purposes  
3 of the property tax.

---

### *Analysis by the Legislative Reference Bureau*

Under current law, the assessed value of a parcel of agricultural land is frozen at the assessed value of the parcel as of January 1, 1995. Agricultural land does not include wooded land.

For each year's property tax assessment, the assessed value of a parcel of agricultural land is reduced by a four-part formula that includes subtracting the use value of the parcel from its frozen assessed value. The use value of a parcel of agricultural land is based on the income that is or could be generated from the rental of the parcel for agricultural use. Beginning with the property tax assessment after December 31, 2008, the formula for reducing the assessed value of a parcel of agricultural land ~~does~~ will not apply, and a parcel of agricultural land ~~is~~ assessed at its use value. *will be that is not productive forest land*

Under this bill, agricultural land includes some wooded land. The assessed value of a parcel of agricultural land that is wooded land is frozen at its assessed value as of January 1, 2000. Beginning with the assessments as of January 1, 2001, agricultural land that is wooded land is subject to the same tax assessment reducing formula as other agricultural land. After the assessments as of January 1, 2009, agricultural land that is wooded land will be assessed at its use value.

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**BILL**

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

INSERT  
↓ 2-1

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

2 70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and  
3 improvements, that is devoted primarily to agricultural use, as defined by rule.  
4 "Agricultural land" also means wooded land that is completely surrounded by tillable  
5 land or pasture land or both, wooded land that is essential for conservation and  
6 wooded land that is essential for the operation of an adjacent farm or the operation  
7 of the farm on which the wooded land is located.

8 **SECTION 2.** 70.32 (2r) (a) of the statutes is amended to read:

9 70.32 (2r) (a) For the assessments as of January 1, 1996, and January 1, 1997,  
10 or until the farmland advisory council under s. 73.03 (49) makes its recommendation,  
11 but not to extend beyond January 1, 2009, the assessed value of each parcel of  
12 agricultural land ~~that is not wooded land as defined in sub. (2) (c) 1.~~ <sup>under</sup> <sup>a.</sup> is the assessed  
13 value of that parcel as of January 1, 1995. For the assessments as of January 1, 2001,  
14 but not to extend beyond January 1, 2009, the assessed value of each parcel of  
15 agricultural land that is wooded land, as defined in <sup>under</sup> <sup>b. 1.</sup> sub. (2) (c) 1. is the assessed  
16 value of that parcel as of January 1, 2000. For the assessments as of January 1, 2001,  
17 but not to extend beyond January 1, 2009, agricultural land that is not wooded land  
18 and agricultural land that is wooded land, shall be assessed at the same rate as <sup>per acre</sup>  
19 determined by the department of revenue. For the assessments after December 31,  
20 2008, all agricultural land shall be assessed by the method under par. (c).

21 **SECTION 3.** 70.32 (2r) (b) 1. of the statutes is amended to read:

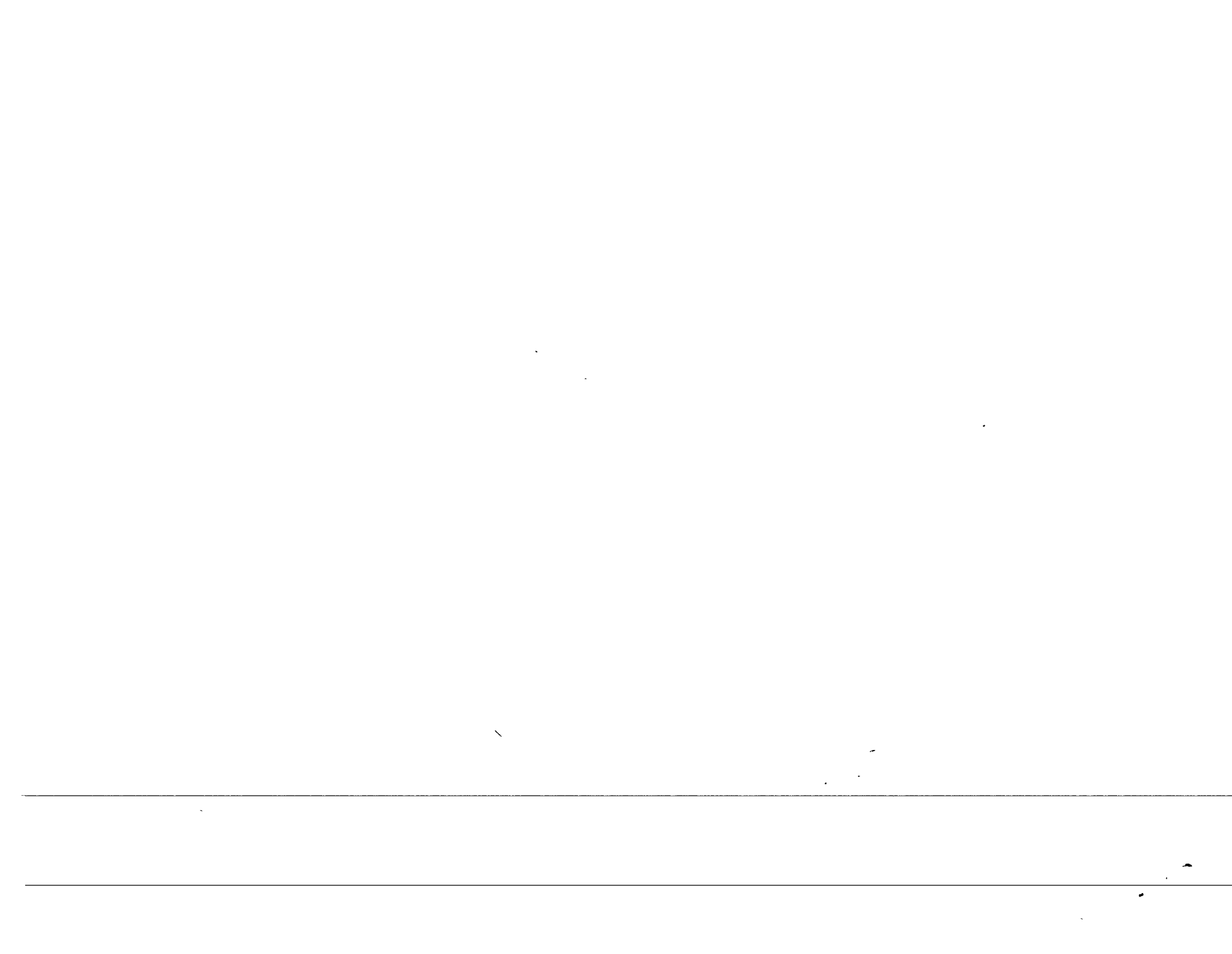
established

for pasture land

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Insert 2 - 1

1           **SECTION 1.** 70.32 (2) (c) 1. of the statutes is renumbered 70.32 (2) (c) 1. (intro)  
2 and amended to read:

3           70.32 (2) (c) 1. (intro.) "Agricultural land" means ~~land~~, all of the following:

4           a. Land, exclusive of buildings and improvements, that is devoted primarily to  
5 agricultural use, as defined by rule.

6           **SECTION 2.** 70.32 (2) (c) 1. b. of the statutes is created to read:

7           70.32 (2) (c) 1. b. Land, exclusive of buildings and improvements, that is  
8 contiguous to agricultural land under subd. 1. a.; that is owned by the person that  
9 owns the contiguous agricultural land under subd. 1. a.; that is limited in acreage to  
10 not more than 75% of the total acreage of all contiguous ~~agricultural~~ land that is  
11 owned by the same person; that is so covered with trees or woody vegetation that it  
12 is impracticable to use the land for pasture land or for growing crops; and that is not  
13 productive forest land.

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21



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION (608) 266-3561  
REFERENCE SECTION (608) 266-0341  
FAX (608) 266-5648

STEPHEN R. MILLER  
CHIEF

LRB  
~

May 12, 1999

## MEMORANDUM

**To:** Representative Brandemuehl

**From:** Joseph T. Kreye, Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **1999 AB 293** (LRB 99-0776/3)

---

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.



A  
A  
A

**M E M O R A N D U M**

May 10, 1999

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun <sup>YEB</sup>  
Department of Revenue

**SUBJECT:** Technical Memorandum on 1999 AB 293 regarding Wooded Agricultural Land

We have the following technical concerns with AB 293:

At page 2, lines 19-21, and page 3, lines 1-3, the bill gives conflicting instructions regarding the assessments of agricultural land under s. 70.32(2)(c)1.b. The first instruction freezes assessments at the January 1, 2000 level while the second requires assessments at the per acre rate for pasture land. The second instruction, since it applies to the transition period, should be placed in s. 70.32 (2r)(b)(intro).

Also, the 2 instructions refer to assessments not extending beyond January 1, 2009, which would include assessments as of January 1, 2009. However, the instruction at page 3, lines 3-4, also deals with the January 1, 2009 assessments.

If it is legislative intent that wooded agricultural land be assessed at the value for pasture land, one might consider amending s. 70.32(2r)(b) to clarify this for the transition period and amending s. 70.32(2r)(c) to clarify this for when use value is fully implemented.

If you have any questions regarding this technical memorandum, please contact Blair P. Kruger at 266-1310.

YEB:BPK:dls  
t:\fsn99-00\bk\ab293.tec

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