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:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 12/15/98 jkreye 12/23/98	wjackson 12/28/98		_____ _____ _____ _____			S&L
/P1		jkreye 01/12/99 wjackson 01/12/99	ismith 12/28/98	_____ _____ _____ _____	lrb_docadmin 12/28/98		S&L
/1		jkreye	hhagen	_____	lrb_docadmin		S&L

Vers.	Drafted	Reviewed	Typist	Proofed	Submitted	Jacketed	Required
		01/22/99 wjackson 01/22/99	01/12/99	_____ _____ _____	01/12/99		
/2	jkreye 03/24/99	wjackson 03/25/99	martykr 01/25/99	_____ _____	lrb_docadmin 01/25/99	lrb_docadmin 01/27/99	
/3			martykr 03/29/99	_____ _____	lrb_docadmin 03/29/99	lrb_docadmin 03/29/99	

FE Sent For: **01/28/99.**

"/2"

04-21-99
"/3"

<END>

LRB-0776

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:

Topic:

Definition of "agricultural land" for property tax purposes

Instructions:

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

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Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 12/15/98 jkreye 12/23/98	wjackson 12/28/98		_____ _____ _____ _____			S&L
/P1		jkreye 01/12/99 wjackson 01/12/99	ismith 12/28/98	_____ _____ _____ _____	lrb_docadmin 12/28/98		S&L
/1		jkreye 01/22/99 wjackson 01/22/99 /3 3/25 WLJ	hhagen 01/12/99 /3 3/29	_____ _____ _____ _____ /3 3/29	lrb_docadmin 01/12/99		

Vers.	Drafted	Reviewed	Typist	Proofed	Submitted	Jacketed	Required
/2			martykr 01/25/99	_____ _____	lrb_docadmin 01/25/99	lrb_docadmin 01/27/99	

FE Sent For: 01-28-99 "/2"

<END>

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:

Topic:

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Instructions:

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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 12/15/98 jkreye 12/23/98	wjackson 12/28/98		_____ _____ _____ _____			S&L
/P1		jkreye 01/12/99 wjackson 01/12/99	ismith 12/28/98	_____ _____ _____ _____	lrb_docadmin 12/28/98		S&L
/1		jkreye 01/22/99 wjackson 01/22/99	hhagen 01/12/99	_____ _____ _____ _____	lrb_docadmin 01/12/99		

Vers.	Drafted	Reviewed	Typist	Proofed	Submitted	Jacketed	Required
/2			martykr 01/25/99	_____ _____	lrb_docadmin 01/25/99		

FE Sent For:

<END>

1999 DRAFTING REQUEST

Bill

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By/Representing: **Paul**

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Drafter: **jkreye**

May Contact:

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Subject: **Tax - property**

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Topic:

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Instructions:

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Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 12/15/98 jkreye 12/23/98	wjackson 12/28/98		_____ _____ _____ _____			S&L
/P1		jkreye 01/12/99 wjackson 01/12/99	ismith 12/28/98	_____ _____ _____ _____	lrb_docadmin 12/28/98		
/1		1/22 WLJ 1/22 JLG	hhagen 01/12/99	_____ _____	lrb_docadmin 01/12/99		

FE Sent For: 1/25 1/25

<END>

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**

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Topic:

Definition of "agricultural land" for property tax purposes

Instructions:

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Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 12/15/98 jkreye 12/23/98	wjackson 12/28/98 /1 wlj 1/12		_____ _____ _____ _____			
/P1		/1 jlg 1/12	ismith 12/28/98 ~~ah~~ 1/12	_____ _____ ~~ah~~ 1/15 1/12	lrb_docadmin 12/28/98		

FE Sent For:

<END>

LRB-0776

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:

Topic:

Definition of "agricultural land" for property tax purposes

Instructions:

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

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Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme	/P1 12/23 WLJ /P1 12/25 jlg	IS 12/28	IS/WLJ 12/28	(yes)		

FE Sent For:

<END>

LRB-0776

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: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - property**

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:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme		Km 1/25				

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 / P1

BILL

JK : WLJ : _____
+
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:** re 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**

ANALYSIS

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

jkreye(lrbunx12)

Tue–Dec–22–1998 9:53 am

1999

Nonstat File Sequence: F F F

LRB _____ /_____

_____ : _____ : _____

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) (CG) Agricultural land. ..... 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 .....

.....

[rev: 6/2/98 1999effdate(fm)]

(D-NOTE)

JK: WLJ:

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 problem 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

LRB-776

options? → freeze wooded land assessed value
at assessed ag land value
as of 1995 (96)

more than one grade ag land?
(refer to manual
— assessor's discretion

~~John Roeder~~ John Rader
~~DOR~~ 266-0939

▷ freeze value per acre of wooded land from previous assessment (base year for wooded land)

▷ use value given in the next year

1-1-20 1-1-99

draft version 1

refer to "ag land that is wooded land"
"ag land " " not wooded land"

options for assessments

LRB-0776
(changing def of ag land)

1) force re-assessments (parcel value as of 1-1-96) (be the same as "real" ag. land)
w/ or without ~~retro app.~~ retroactivity taxes

V2) step assessments of "pseudo ag" land into calculations from effective date to 12-31-2008
(with prospective application only) (larger reductions)

~~3) begin after 12-31-2008~~
(favorable method ends in 2008)

would accomplish w/ non-statutory provision

Brandenmuehl.

State of Wisconsin
1999 – 2000 LEGISLATURE

LRB–0776/~~P1~~ 1
JK:wlj&jlg:ijs

~~PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION~~

re-generate

AN ACT ***to amend*** 70.32 (2) (c) 1. of the statutes; **relating to:** the definition of 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:

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

SECTION ~~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~~ does not apply, and a parcel of agricultural land ~~will be~~ is 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, ~~1998~~ 2000. Beginning with the assessments as of January 1, ~~2000~~ 2001, agricultural land that is wooded land is subject to the same tax assessment reducing formula as other agricultural land. After ~~December 31, 2008~~ the assessments as of January 1, 2009, 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.

(1-10)

SECTION ~~1~~ 4#. 70.32 (2r) (a) 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, ~~2000~~ 2001, 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., is the assessed value of that parcel as of January 1, ~~2000~~ 2000.

, as defined in sub. (2)(c)1.,

SECTION ~~2~~ 5#. 70.32 (2r) (b) 1. 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, ~~2000~~ 2001, if the parcel is agricultural land that is wooded land, as defined in sub. (2) (~~a~~ c) 1.

SECTION ~~3~~ 6#. 70.32 (2r) (b) 4. of the statutes is amended to read:

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

LRB-0776

call John Rader — Brandenwhl draft
— ag land
— phase in
— 266-0939
call John on Tuesday re draft.

l ret'd call 1-20-99 (Wed) 305pm
— John out of office until 430pm

l 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 assessments of w.l. that now become ag to become phased-in at same rate as ag land
— assessed at use value by 2008

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0776/1
JK:wlj&jlg:hmh

1999 BILL

re-gen

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

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:

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. INSERT 2-17

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

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

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

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

SECTION 5. Effective date.

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

(END)

LRB-0776/2
JK

Insert 2-17

NOTE For the assessments as 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 at the same rate, as determined by the department of revenue. For the assessments after December 31, 2008, all agricultural land shall be assessed by the method under par. (c).

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 per acre rate for pasture land.

Thanks,

Bill Ford
266-0680

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

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, <u>and land, exclusive of buildings and improvements, that is:</u>

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

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

<u>(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</u>

<u>(d) Not productive forest land.</u>

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:tlu;ksm

JAN 2 9 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.

copy to Brandemuehl sent 02-08-99

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

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.

1999 Session

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 (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.

YBB 2/5/99

1999 Session

FISCAL ESTIMATE DOA-2047 N(R10/98)	☒ ORIGINAL ☐ UPDATED ☐ CORRECTED ☐ SUPPLEMENTAL	LRB or Bill No./Adm. Rule No. LRB 0776/2	Amendment No.

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:**	
A. State Costs by Category	**Increased Costs**	**Decreased Costs**
State Operations - Salaries and Fringe	$	$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	$	$ -
B. State Costs by Source of Funds	**Increased Costs**	**Decreased Costs**
GPR	$	$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	**Increased Rev.**	**Decreased Rev.**
GPR Taxes	$	$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	$	$ -

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
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 Yeang Eng Braun	2/5/99
Blair P. Kruger, (608) 266-1310	(608) 266-2700	

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REFERENCE SECTION (608) 266-0341
FAX. (608) 266-5648

ATTY. PETER J. DYKMAN
ACTING CHIEF

LRB

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
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State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0776/2 3
JK:wlj&jlg:km

1999 BILL

re-gen

AN ACT *to amend* 70.32 (2) (c) 1., 70.32 (2r) (a), 70.32 (2r) (b) 1. and 70.32 (2r) (b) 4. of the statutes; **relating to:** the definition of agricultural land for purposes 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~~ will be assessed at its use value.

Under this bill, agricultural land includes some wooded land that is not productive forest 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.

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

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

SECTION 2. 70.32 (2r) (a) 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, as defined in~~ under sub. (2) (c) 1. a. is the assessed value of that parcel as of January 1, 1995. For the assessments as of January 1, 2001, but not to extend beyond January 1, 2009, the assessed value of each parcel of agricultural land ~~that is wooded land, as defined in~~ under sub. (2) (c) 1. b. is the assessed value of that parcel as of January 1, 2000. For the assessments as of January 1, 2001, but not to extend beyond January 1, 2009, agricultural land under sub. (2) (c) 1. b. ~~that is not wooded land and agricultural land that is wooded land~~ per acre shall be assessed at the ~~same~~ rate, as ~~determined~~ established by the department of revenue. For the assessments after December 31, 2008, all agricultural land shall be assessed by the method under par. (c).

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

for pasture land

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

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

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

SECTION 5. Effective date.

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

(END)

Insert 2 – 1

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

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

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

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

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

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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.

MEMORANDUM

May 10, 1999

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Yeang-Eng Braun YEB
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
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