

2001 Jr2 DRAFTING REQUEST

Senate Amendment (SA-SSA1-AB1)

Received: **03/27/2002**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Senate Democratic Caucus**

By/Representing: **Engel**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax - property**

Extra Copies:

Submit via email: **NO**

Pre Topic:

SCC:.....Engel - CN4603,

Topic:

Definition of agricultural land and penalty for converting agricultural land

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 03/27/2002	chanaman 03/28/2002		_____			
/1			jfrantze 03/28/2002	_____	lrb_docadmin 03/29/2002		

FE Sent For:

<END>

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/?	jkreye						
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cmh
1
3/28
3/28
<END>

FE Sent For:

JK

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Definition of Agricultural Land and Other Property and the
Penalty for Agricultural Land Converted to Other Uses

BN
3861

CN
4603

Motion:

Move to modify the current law provisions relating to the definition of agricultural land and the penalty on agricultural land that is converted to other uses as follows:

Definition of Agricultural Land. Move to modify the definition of agricultural land to include all land, exclusive of buildings and improvements, that is devoted primarily to an agricultural use, as defined by rule, and is located on a farm where the owner or operator has filed a form, as required below. Specify that land enrolled in the federal conservation reserve or conservation reserve enhancement programs is considered to be devoted to an agricultural use. Define a farm as any establishment engaged in crop production or animal production, as set forth in the North American Industry Classification System, 1997 edition, from which \$3,500 or more of agricultural products were sold or would normally be sold during the year. Specify that payments received for land enrolled in the federal conservation reserve or conservation reserve enhancement programs be credited toward the income threshold. Specify that a farm may include leased land, if that land is devoted primarily to an agricultural use.

Provide that the form, specified above, include a description of all land owned or leased that is part of the farm and a statement whereby the owner or lessee certifies that \$3,500 or more of agricultural products were sold during the preceding year or are likely to be sold in the current year. Specify that the amount of agricultural products sold is to be measured on a per farm basis, regardless of the number of municipalities where the land is located. Require the form to be filed by the property owner or lessee with the assessor where the property is located, on or before March 1, beginning in 2003. Specify that owners or lessees are not required to file forms in subsequent years unless additional agricultural land is acquired or leased. Require owners or lessees of property classified as agricultural land to notify the clerk of the municipality where the property is located when the property no longer meets the definition of agricultural land. Provide that if owners or lessees of agricultural land fail to notify the clerk of property that no longer meets the definition of agricultural land, the difference between that property's value as agricultural land and its value in another class shall be treated as omitted property and the penalty for converting agricultural land shall be imposed from the date that the property no longer met the definition of agricultural land. Exempt property that is reclassified for the 2003 assessment year as a result of the change in the definition of agricultural land from the penalty for converting agricultural land to another use.

Provide that "Other" property be defined as agricultural buildings and improvements and the land necessary for their location and convenience. Authorize the Department of Revenue to promulgate rules regarding these provisions and require the Department to prescribe the form on which owners and operators report the land included on their farm and the amount of agricultural products sold and payments received.

Provide that these provisions first apply to property assessed as of January 1, 2003.

Penalty. Modify the current law provisions relating to the penalty on agricultural land that is converted to other uses as follows: (a) delete the requirement that municipalities administer the penalty and, instead, require the county where the land is located to administer the penalty; (b) provide that a uniform penalty be extended within each county on a per acre basis; (c) require DOR to annually determine the penalty within each county as an amount equal to the difference between the Department's estimate of the average, per acre fair market value of agricultural land sold in the county in the previous year and the average, per acre equalized value of agricultural land in the county in the previous year, multiplied by 5% if the conversion is of more than 30 acres, 7.5% if the conversion is of 10 to 30 acres or 10% if the conversion is of less than 10 acres; (d) specify that the penalty be waived if the amount calculated under (c) is less than \$25 per acre; and (e) replace the provision that requires the penalty to be shared with overlying taxing jurisdictions and, instead, specify that the county retain 50% of the penalty and disburse the remainder of the penalty to the municipality where the property is located. Require the municipality to share 50% of its proceeds from the penalty with an adjoining municipality, if the municipality where the property is located has annexed the property subject to the penalty from the adjoining municipality in either of the two preceding years. Require DOR to calculate the fair market value of agricultural land from sales of agricultural property of 38 acres or more where the buyer intends to continue the property's agricultural use.

Require the county treasurer to impose the penalty if the treasurer of the county where the property is located determines that the property has been converted to another use. Provide that agricultural land has been converted to another use if the property is used in a way where it would not be classified as agricultural land for property tax purposes. Permit the county treasurer to defer the penalty if the owner of the property can demonstrate that the property will be employed in agricultural use for purposes of property taxation in the succeeding year. Require the treasurer to waive the penalty if the property is classified as agricultural property in the succeeding year. Provide that if the county treasurer has granted a deferral and the property is not classified as agricultural property in the succeeding year, interest on the penalty shall be imposed at a rate of 1% per month, or a fraction of a month, from the date that the deferral was granted until the penalty is paid. Provide that penalties are payable within 30 days of when they are imposed and that amounts not paid shall be considered delinquent, shall bear interest at the rate of 1% per month, or fraction of a month, and shall be collected as a special charge under current law provisions. Modify the current law provision requiring sellers to notify buyers when land has been assessed as agricultural land to also require sellers to provide notice if the land is subject to a penalty or if a penalty has been deferred. Specify that these provisions first apply to penalties imposed beginning on January 1, 2003.

Note:

Under current law, agricultural land is defined as land, exclusive of buildings and improvements, that is devoted primarily to an agricultural use, as defined by rule. This motion would modify the definitions of "agricultural land" and "other" property. The definition for other property is identical to that specified by DOR in its Property Assessment Manual. The definition for agricultural land is based on definitions employed under the North American Industrial Classification System and by the U.S. Department of Agriculture. The proposal would require agricultural land to be located on farms and would impose a reporting requirement whereby farm operators would be required to identify the land included in the farm and to certify that \$3,500 or more of agricultural products were sold in the preceding year or are likely to be sold in the current year. Payments received for land enrolled in the federal conservation reserve or conservation reserve enhancement programs would be counted toward the minimum income limit. This provision would allow assessors to group multiple parcels together by farm operation for purposes of applying the requirement pertaining to the amount of agricultural products sold. It would also allow assessors to track changes in the parcels included in each farm. The size of a farm may change from year to year because farmers lease land for their operation.

The motion would cause some land to be reclassified from agricultural to another class. The proposal would exempt that land from the penalty for land converted from an agricultural use. Agricultural land that is reclassified would be almost certain to have a higher value after its reclassification. As a result, the taxes on that property would be higher, as property taxes are shifted from other property to the reclassified property. Also, state forestry tax collections would increase by an unknown amount.

Under current law, a penalty is assessed against the owner of agricultural land that is converted to another use. The penalty equals the difference between the property taxes that would have been levied on the land if it had been assessed at its fair market value and the property taxes that were actually levied on the property for the last two years that the property qualified for use value assessment. The municipality where the property is located is responsible for collecting the penalty, and the proceeds are shared with the overlying taxing jurisdictions in proportion to the taxes that they levied on the land during the two years covered by the penalty. Owners of agricultural land that is sold are required to notify the buyers that the land is assessed under use value provisions.

[Change to Bill: Unknown]

2001

Date (time) needed soon

LRB b 2757,1

CAUCUS BUDGET AMENDMENT
[CAUCUS AMDTS. ONLY]

JK:cmh:

See form **AMENDMENTS — COMPONENTS & ITEMS.**

CAUCUS AMENDMENT
TO SENATE SUBSTITUTE AMENDMENT 1
TO 2001 SPECIAL SESSION ASSEMBLY BILL 1

in 3-27-02

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated; amend the substitute amendment as follows:

#. Page 53, line 20: after that line insert: INSERT A

#. Page 139, line 16: after that line insert: INSERT B

#. Page 362, line 18: after that line insert: INSERT C

#. Page 437, line 6: after that line insert INSERT D

~~#. Page....., line.....:~~
~~#. Page....., line.....:~~

2001 SENATE BILL 304

October 31, 2001 - Introduced by Senators DECKER, JAUCH and GROBSCHMIDT, cosponsored by Representatives KRUG, REYNOLDS, COGGS, BLACK, KREUSER, MILLER, HUBER and LA FAVE. Referred to Committee on Universities, Housing, and Government Operations.

1 **AN ACT to repeal 74.48; to amend 70.32 (2) (c) 1.; and to create 70.32 (2) (c) 1m.,**
2 **70.32 (2s) and 74.485 of the statutes; relating to: the definition of agricultural**
3 **land for property tax purposes and the penalty for converting agricultural land.**

Analysis by the Legislative Reference Bureau

Under current law, "agricultural land" is defined, for property tax purposes, as land, exclusive of buildings and improvements, that is devoted primarily to agricultural use, as defined by rule by the department of revenue (DOR). Under this bill, "agricultural land" is defined, for property tax purposes, as land, exclusive of buildings and improvements and the land necessary for their location and convenience, that is devoted primarily to agricultural use, as defined by rule by DOR, if the land is a farm and if the person who either owns or leases the land files a form with the taxation district in which the land is located.

Under the bill, a "farm" is defined, for property tax purposes, as a business that is engaged in animal production or crop production; including growing sod, Christmas trees, and ginseng but excluding growing nursery product and nursery stock; and that either generates at least \$6,000 in gross receipts from such production in the year preceding the date on which the required form is filed or is likely to generate at least \$6,000 in gross receipts from such production in the year following the date on which the required form is filed. The person who files the form must do so no later than March 1. The person who files the form certifies that the farm generated at least \$6,000 in gross receipts from animal or crop production in the year preceding the filing of the form or is likely to generate at least \$6,000 in gross receipts from such production in the year following the filing of the form.

SENATE BILL 304

Under current law, a person who owns land that has been assessed as agricultural land, for property tax purposes, and who changes the land's use so that the land is no longer assessed as agricultural land is subject to a penalty. The penalty is equal to the difference between the property taxes that would have been levied on the land if the land had been assessed at full market value and the property taxes levied on the land for the last two years that the land has been assessed as agricultural land. The taxation district in which the land is located administers and collects the penalty and distributes the penalty amount to the taxing jurisdictions in which the land is located in proportion to the taxes levied by the taxing jurisdictions during the last two years that the land has been assessed as agricultural land.

Under the bill, a person who owns land that has been assessed as agricultural land, for property tax purposes, and who converts the land's use so that the land is no longer assessed as agricultural land is subject to a penalty equal to the number of acres converted, multiplied by the amount of the difference between the average fair market value of an acre of agricultural land sold in the county in which the land is located in the previous year and the average equalized value of an acre of agricultural land sold in the county in the previous year, multiplied by the following: 5%, if the converted land is more than 30 acres; 7 1/2%, if the converted land is 30 acres or less but at least ten acres; or 10%, if the converted land is less than ten acres. However, a person who converts agricultural land is not subject to the penalty if the amount of the penalty represents less than \$25 for each acre of converted land.

Under the bill, the county in which the converted land is located administers and collects the penalty. The county distributes 50% of the amount of any penalty to the taxation district in which the land is located. The taxation district must distribute 50% of the amount it received from the county to an adjoining taxation district, if the taxation district annexed the converted land from the adjoining taxation district in either of the previous two years.

Under the bill, the county may defer payment of the penalty if the person who owes the penalty demonstrates to the county that the person's land will be used as agricultural land in the succeeding taxable year. If the land is used as agricultural land in the succeeding taxable year, the person does not pay penalty. If the land is not used as agricultural land in the succeeding taxable year, the person pays the penalty with interest at the rate of 1% a month from the date that the county granted a deferral to the date that the penalty is paid.

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

INSERT
A

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

1

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

156b

SENATE BILL 304

A
↓

1 70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and
2 improvements and the land necessary for their location and convenience, that is
3 devoted primarily to agricultural use, as defined by rule, if the land is a farm, as
4 defined in sub. (2s) (a) 2., and the owner or lessee of the land files the form under sub.
5 (2s).

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

7 70.32 (2) (c) 1m. "Other" means buildings and improvements located on farms,
8 as defined in sub. (2s) (a) 2., and the land necessary for their location and
9 convenience.

10 SECTION 3. 70.32 (2s) of the statutes is created to read:

11 70.32 (2s) (a) In this subsection:

12 1. "Department" means the department of revenue.

13 2. "Farm" means a business engaged in activities included in the North
14 American Industry Classification System, 1997 edition, published by the U.S. office
15 of management and budget under any of the following classifications, if the business
16 generated at least ~~\$1,000~~ ^{\$3,500} in gross receipts from such activities in the year preceding
17 the date that a form is filed under par. (b) or if the business is likely to generate at
18 least ~~\$1,000~~ ^{\$3,500} in gross receipts from such activities in the year following the date that
19 a form is filed under par. (b):

20 a. Classification 111-Crop production including growing sod, Christmas trees,
21 and ginseng under industry number 111421, but excluding growing nursery product
22 and stock under industry number 111421.

23 b. Classification 112-Animal production.

24 (b) Any person who owns or who is a lessee of land used as a farm shall file a
25 form, as prescribed by the department, with the assessor of each taxation district in

*including payments in kind
for placing land in federal
programs*

↓

(A)

(4-)

including payments in kind for placing land in federal programs

1 which land included in the farm is located no later than March 1 that certifies that
 2 the person is the owner or lessee of land used as a farm. The person shall certify on
 3 the form that the farm generated at least ~~\$5,000~~^{\$3,500} in gross receipts from the activities
 4 described under par. (a) 2. in the preceding year, or is likely to generate at least
 5 ~~\$5,000~~^{\$3,500} in gross receipts from such activities in the year following the date that a form
 6 is filed under this paragraph. On the form, the person shall specify each such activity
 7 and the gross receipts generated or likely to be generated from each activity. For
 8 purposes of this subsection, gross receipts from the activities described under par. (a)
 9 2. shall be calculated on a per farm basis, regardless of whether the farm is located
 10 in more than one taxation district. A person who has filed a form under this
 11 paragraph shall only file such a form in a subsequent year, if in that subsequent year
 12 the person has acquired or leased additional land to be used as part of the farm.

13 (c) If the use of the person's land has changed so that it may no longer be
 14 assessed as agricultural land under sub. (2r), the person who owns or who is the
 15 lessee of the land shall notify the ~~chief~~^{assessor} of the taxation district in which the person's
 16 land is located, on a form prescribed by the department. If the use of the person's land
 17 has changed so that it may no longer be assessed as agricultural land under sub. (2r)
 18 and the person who owns or who is the lessee of the land does not notify the ~~chief~~^{assessor}
 19 of the taxation district as provided under this paragraph, the taxation district shall
 20 treat the difference between the land's value as agricultural land under sub. (2r) and
 21 the land's value under the appropriate classification as provided under sub. (2) (a)
 22 as omitted property under s. 70.44 and collect from the owner of the land the penalty
 23 under s. 74.485.

END OF INSERT A

24 SECTION 4. 74.48 of the statutes is repealed.

25 SECTION 5. 74.485 of the statutes is created to read:

INSERT B

SENATE BILL 304

assessor of the taxation district in which the land is located

1 **74.485 Penalty for converting agricultural land.** (1) DEFINITION. In this
2 section, "agricultural land" has the meaning given in s. 70.32 (2) (c) 1.

3 (2) PENALTY. Except as provided in sub. (4), a person who owns land that has
4 been assessed as agricultural land under s. 70.32 (2r) and who converts the land's
5 use so that the land is not eligible to be assessed as agricultural land under s. 70.32

6 (2r), as determined by the ~~county treasurer~~, shall pay a penalty to the county in which

7 the land is located in an amount ^{calculated by the county treasurer, that is} equal to the number of acres converted multiplied,

8 by the amount of the difference between the average fair market value of an acre of
9 agricultural land sold in the county in the year before the year that the person
10 converts the land, as determined under sub. (3), and the average equalized value of
11 an acre of agricultural land in the county in the year before the year that the person
12 converts the land, as determined under sub. (3), multiplied by the following:

13 (a) Five percent, if the converted land is more than 30 acres.

14 (b) Seven and one-half percent, if the converted land is 30 acres or less but at
15 least 10 acres.

16 (c) Ten percent, if the converted land is less than 10 acres.

17 (3) VALUE DETERMINATION. Annually, the department of revenue shall
18 determine the average equalized value of an acre of agricultural land in each county
19 in the previous year, as provided under s. 70.57, and the average fair market value
20 of an acre of agricultural land sold in each county in the previous year based on the
21 sales in each county in the previous year of parcels of agricultural land that are 38
22 acres or more to buyers who intend to use the land as agricultural land.

23 (4) EXCEPTIONS AND DEFERRAL. (a) A person who owns land that has been
24 assessed as agricultural land under s. 70.32 (2r) and who converts the land's use so
25 that the land is not eligible to be assessed as agricultural land under s. 70.32 (2r) is

SENATE BILL 304

SECTION 5

assessor of the taxation district in which the land is located

1 not subject to a penalty under sub. (2) if the amount of the penalty determined under
2 sub. (2) represents less than \$25 for each acre of converted land.

3 (b) If a person owes a penalty under sub. (2), the treasurer of the county in
4 which the person's land is located may defer payment of the penalty to the succeeding
5 taxable year if the person demonstrates to the ~~treasurer~~ that the person's land will
6 be used as agricultural land in the succeeding taxable year. A person who receives
7 a deferral under this paragraph is not subject to the penalty under sub. (2) related
8 to the deferral, if the person's land is used as agricultural land in the succeeding
9 taxable year. If the land of a person who receives a deferral under this paragraph
10 is not used as agricultural land in the succeeding taxable year, the person shall pay
11 the penalty with interest at the rate of 1% a month, or fraction of a month, from the
12 date that the treasurer granted a deferral to the date that the penalty is paid.

13 (5) PAYMENT. Except as provided in sub. (4), a person who owes a penalty under
14 sub. (2) shall pay the penalty to the county in which the person's land related to the
15 penalty is located no later than 30 days after the date that the penalty is assessed.
16 A penalty that is not paid on the date it is due is considered delinquent and shall be
17 paid with interest at the rate of 1% a month, or fraction of a month, from the date that
18 the penalty is assessed to the date that the penalty is paid. The county shall collect
19 an unpaid penalty as a special charge against the land related to the penalty.

20 (6) DISTRIBUTION. A county that collects a penalty under this section shall
21 distribute 50% of the amount of the penalty to the taxation district in which the land
22 related to the penalty is located. If the land related to the penalty is located in 2 or
23 more taxation districts, the county shall distribute 50% of the amount of the penalty
24 to the taxation districts in proportion to the equalized value of the land related to the
25 penalty that is located in each taxation district. A taxation district shall distribute

SENATE BILL 304

SECTION 5

assessors of the taxation districts located in the county

1 50% of any amount it receives under this subsection to an adjoining taxation district,
2 if the taxation district in which the land related to the penalty is located annexed the
3 land related to the penalty from the adjoining taxation district in either of the 2 years
4 preceding a distribution under this subsection.

5 (7) NOTICE. A person who owns land that has been assessed as agricultural land
6 under s. 70.32 (2r) and who sells the land shall notify the buyer of the land of all of
7 the following:

8 (a) That the land has been assessed as agricultural land under s. 70.32 (2r).

9 (b) Whether the person who owns the land and who is selling the land has been
10 assessed a penalty under sub. (2) related to the land.

11 (c) Whether the person who owns the land and who is selling the land has been
12 granted a deferral under sub. (4) related to the land.

13 (8) ~~REGISTER OF DEEDS~~ ^{TAXATION DISTRICT ASSESSOR} The ~~county register of deeds~~ shall inform the county
14 treasurer of all sales of agricultural land located in the county.

15 (9) ADMINISTRATION. The county in which the land as described in sub. (1) is
16 located shall administer the penalty under this section. END OF INSERT B

~~SECTION 6. Nonstatutory provisions.~~

17
18 ¹(1) ^mPENALTY FOR CONVERTING AGRICULTURAL LAND. Notwithstanding section
19 70.32 (2s) (c) of the statutes, as created by this act, and section 74.485 of the statutes,
20 as created by this act, land assessed as agricultural land for the property tax
21 assessments as of January 1, 200²~~1~~, that may no longer be assessed as agricultural
22 land for the property tax assessments as of January 1, 200³~~2~~, because the land is not
23 used as a farm, as defined under section 70.32 (2s) (a) 2. of the statutes, is not subject
24 to the penalty under section 74.485 of the statutes with regard to the property tax
25 assessments as of January 1, 200¹~~1~~, and January 1, 200³~~2~~.

INSERT C

1 ~~SECTION 7. Initial applicability.~~

initial
app

2 = (1) ~~that~~ first applies to the property tax assessments as of, and the penalties
3 imposed on, January 1, 2002.

4 (END)

TAXATION OF AGRICULTURAL LAND. (25) the treatment of
sections 70.32(2)(c) 1. and 1M. and (25), 74.48, and
74.485 of the statutes

INSERT D



State of Wisconsin
2001 - 2002 LEGISLATURE
January 2002 Special Session

LRBb2757/1
JK:cmh:jf

SCC:.....Engel – CN4603, Definition of agricultural land and penalty for
converting agricultural land

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 1

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

2 **1.** Page 53, line 20: after that line insert:

3 “SECTION 156b. 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 and the land necessary for their location and convenience, that is
6 devoted primarily to agricultural use, as defined by rule, if the land is a farm, as
7 defined in sub. (2s) (a) 2., and the owner or lessee of the land files the form under sub.
8 (2s).

9 SECTION 156d. 70.32 (2) (c) 1m. of the statutes is created to read:

1 70.32 (2) (c) 1m. “Other” means buildings and improvements located on farms,
2 as defined in sub. (2s) (a) 2., and the land necessary for their location and
3 convenience.

4 **SECTION 156e.** 70.32 (2s) of the statutes is created to read:

5 70.32 (2s) (a) In this subsection:

6 1. “Department” means the department of revenue.

7 2. “Farm” means a business engaged in activities included in the North
8 American Industry Classification System, 1997 edition, published by the U.S. office
9 of management and budget under any of the following classifications, if the business
10 generated at least \$3,500 in gross receipts, including payments in kind for placing
11 land in federal programs, from such activities in the year preceding the date that a
12 form is filed under par. (b) or if the business is likely to generate at least \$3,500 in
13 gross receipts, including payments in kind for placing land in federal programs, from
14 such activities in the year following the date that a form is filed under par. (b):

15 a. Classification 111–Crop production including growing sod, Christmas trees,
16 and ginseng under industry number 111421, but excluding growing nursery product
17 and stock under industry number 111421.

18 b. Classification 112–Animal production.

19 (b) Any person who owns or who is a lessee of land used as a farm shall file a
20 form, as prescribed by the department, with the assessor of each taxation district in
21 which land included in the farm is located no later than March 1 that certifies that
22 the person is the owner or lessee of land used as a farm. The person shall certify on
23 the form that the farm generated at least \$3,500 in gross receipts, including
24 payments in kind for placing land in federal programs, from the activities described
25 under par. (a) 2. in the preceding year, or is likely to generate at least \$3,500 in gross

1 receipts, including payments in kind for placing land in federal programs, from such
2 activities in the year following the date that a form is filed under this paragraph. On
3 the form, the person shall specify each such activity and the gross receipts generated
4 or likely to be generated from each activity. For purposes of this subsection, gross
5 receipts from the activities described under par. (a) 2. shall be calculated on a per
6 farm basis, regardless of whether the farm is located in more than one taxation
7 district. A person who has filed a form under this paragraph shall only file such a
8 form in a subsequent year, if in that subsequent year the person has acquired or
9 leased additional land to be used as part of the farm.

10 (c) If the use of the person's land has changed so that it may no longer be
11 assessed as agricultural land under sub. (2r), the person who owns or who is the
12 lessee of the land shall notify the assessor of the taxation district in which the
13 person's land is located, on a form prescribed by the department. If the use of the
14 person's land has changed so that it may no longer be assessed as agricultural land
15 under sub. (2r) and the person who owns or who is the lessee of the land does not
16 notify the assessor of the taxation district as provided under this paragraph, the
17 taxation district shall treat the difference between the land's value as agricultural
18 land under sub. (2r) and the land's value under the appropriate classification as
19 provided under sub. (2) (a) as omitted property under s. 70.44 and collect from the
20 owner of the land the penalty under s. 74.485.”.

21 **2.** Page 139, line 16: after that line insert:

22 **“SECTION 233b.** 74.48 of the statutes is repealed.

23 **SECTION 233d.** 74.485 of the statutes is created to read:

1 **74.485 Penalty for converting agricultural land. (1) DEFINITION.** In this
2 section, “agricultural land” has the meaning given in s. 70.32 (2) (c) 1.

3 **(2) PENALTY.** Except as provided in sub. (4), a person who owns land that has
4 been assessed as agricultural land under s. 70.32 (2r) and who converts the land’s
5 use so that the land is not eligible to be assessed as agricultural land under s. 70.32
6 (2r), as determined by the assessor of the taxation district in which the land is
7 located, shall pay a penalty to the county in which the land is located in an amount,
8 calculated by the county treasurer, that is equal to the number of acres converted
9 multiplied by the amount of the difference between the average fair market value of
10 an acre of agricultural land sold in the county in the year before the year that the
11 person converts the land, as determined under sub. (3), and the average equalized
12 value of an acre of agricultural land in the county in the year before the year that the
13 person converts the land, as determined under sub. (3), multiplied by the following:

14 (a) Five percent, if the converted land is more than 30 acres.

15 (b) Seven and one-half percent, if the converted land is 30 acres or less but at
16 least 10 acres.

17 (c) Ten percent, if the converted land is less than 10 acres.

18 **(3) VALUE DETERMINATION.** Annually, the department of revenue shall
19 determine the average equalized value of an acre of agricultural land in each county
20 in the previous year, as provided under s. 70.57, and the average fair market value
21 of an acre of agricultural land sold in each county in the previous year based on the
22 sales in each county in the previous year of parcels of agricultural land that are 38
23 acres or more to buyers who intend to use the land as agricultural land.

24 **(4) EXCEPTIONS AND DEFERRAL.** (a) A person who owns land that has been
25 assessed as agricultural land under s. 70.32 (2r) and who converts the land’s use so

1 that the land is not eligible to be assessed as agricultural land under s. 70.32 (2r) is
2 not subject to a penalty under sub. (2) if the amount of the penalty determined under
3 sub. (2) represents less than \$25 for each acre of converted land.

4 (b) If a person owes a penalty under sub. (2), the treasurer of the county in
5 which the person's land is located may defer payment of the penalty to the succeeding
6 taxable year if the person demonstrates to the assessor of the taxation district in
7 which the land is located that the person's land will be used as agricultural land in
8 the succeeding taxable year. A person who receives a deferral under this paragraph
9 is not subject to the penalty under sub. (2) related to the deferral, if the person's land
10 is used as agricultural land in the succeeding taxable year. If the land of a person
11 who receives a deferral under this paragraph is not used as agricultural land in the
12 succeeding taxable year, the person shall pay the penalty with interest at the rate
13 of 1% a month, or fraction of a month, from the date that the treasurer granted a
14 deferral to the date that the penalty is paid.

15 (5) PAYMENT. Except as provided in sub. (4), a person who owes a penalty under
16 sub. (2) shall pay the penalty to the county in which the person's land related to the
17 penalty is located no later than 30 days after the date that the penalty is assessed.
18 A penalty that is not paid on the date it is due is considered delinquent and shall be
19 paid with interest at the rate of 1% a month, or fraction of a month, from the date that
20 the penalty is assessed to the date that the penalty is paid. The county shall collect
21 an unpaid penalty as a special charge against the land related to the penalty.

22 (6) DISTRIBUTION. A county that collects a penalty under this section shall
23 distribute 50% of the amount of the penalty to the taxation district in which the land
24 related to the penalty is located. If the land related to the penalty is located in 2 or
25 more taxation districts, the county shall distribute 50% of the amount of the penalty

1 to the taxation districts in proportion to the equalized value of the land related to the
2 penalty that is located in each taxation district. A taxation district shall distribute
3 50% of any amount it receives under this subsection to an adjoining taxation district,
4 if the taxation district in which the land related to the penalty is located annexed the
5 land related to the penalty from the adjoining taxation district in either of the 2 years
6 preceding a distribution under this subsection.

7 (7) NOTICE. A person who owns land that has been assessed as agricultural land
8 under s. 70.32 (2r) and who sells the land shall notify the buyer of the land of all of
9 the following:

10 (a) That the land has been assessed as agricultural land under s. 70.32 (2r).

11 (b) Whether the person who owns the land and who is selling the land has been
12 assessed a penalty under sub. (2) related to the land.

13 (c) Whether the person who owns the land and who is selling the land has been
14 granted a deferral under sub. (4) related to the land.

15 (8) TAXATION DISTRICT ASSESSOR. The assessors of the taxation districts located
16 in the county shall inform the county treasurer and the real property lister of all sales
17 of agricultural land located in the county.

18 (9) ADMINISTRATION. The county in which the land as described in sub. (1) is
19 located shall administer the penalty under this section.”.

20 **3.** Page 362, line 18: after that line insert:

21 “(1m) PENALTY FOR CONVERTING AGRICULTURAL LAND. Notwithstanding section
22 70.32 (2s) (c) of the statutes, as created by this act, and section 74.485 of the statutes,
23 as created by this act, land assessed as agricultural land for the property tax
24 assessments as of January 1, 2002, that may no longer be assessed as agricultural

1 land for the property tax assessments as of January 1, 2003, because the land is not
2 used as a farm, as defined under section 70.32 (2s) (a) 2. of the statutes, is not subject
3 to the penalty under section 74.485 of the statutes with regard to the property tax
4 assessments as of January 1, 2002, and January 1, 2003.”.

5 **4.** Page 437, line 6: after that line insert:

6 “(1m) TAXATION OF AGRICULTURAL LAND. The treatment of sections 70.32 (2) (c)
7 1. and 1m. and (2s), 74.48, and 74.485 of the statutes first applies to the property tax
8 assessments as of, and the penalties imposed on, January 1, 2003.”.

9

(END)