

**2001 Jr2 DRAFTING REQUEST**

**Senate Amendment (SA-SSA1-AB1)**

Received: 06/21/2002

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau 69916

By/Representing: Olin

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:**

LFB:.....Olin -

**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 06/21/2002	gilfokm 06/21/2002		_____			
/1	jkreye 07/01/2002	jdyer 07/01/2002	jfrantze 06/24/2002	_____	lrb_docadmin 06/24/2002		
/2			rschluet 07/01/2002	_____	lrb_docadmin 07/01/2002		
/3	jkreye 07/02/2002	gilfokm 07/02/2002	rschluet 07/02/2002	_____	lrb_docadmin 07/02/2002		

FE Sent For:

**<END>**

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/2		13-7/2 King	rschluet 07/01/2002		lrb_docadmin 07/01/2002		

7.2.2 <END>

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/?	jkreye 06/21/2002	gilfokm 06/21/2002					
/1		1/2 7/1 jld	jfrantze 06/24/2002		lrb_docadmin 06/24/2002		

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Handwritten signature and the text <END>

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1?	jkreye	1-6/21 King	6/24	6/24			

FE Sent For:

<END>

## Kreye, Joseph

---

**From:** Olin, Rick  
**Sent:** Friday, June 21, 2002 2:44 PM  
**To:** Kreye, Joseph; Shovers, Marc  
**Cc:** Ammerman, Fred  
**Subject:** FW:

These items were agreed to by the Conferes today.  
They were included in a proposal offered by Senator Chvala.  
The annexation provision was modified to sunset on December 31, 2003.  
Please proceed with drafts.  
Thanks.

Rick

-----Original Message-----

**From:** Hanson, Lori  
**Sent:** Friday, June 21, 2002 2:41 PM  
**To:** Olin, Rick  
**Subject:**



good.doc

14. Direct Annexation of Certain Towns or Territory in Towns Senate modified to only apply in counties with a population of 425,000 or more.
18. Definition of Agricultural Land Senate modified as follows: (a) delete the provision that excludes growing nursery product and stock from the definition of crop production (as a result, that activity would qualify for use value treatment); (b) delete the \$3,500 income threshold and the provision that requires the form that identifies the land included on each farm to also include 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; and (c) include a provision whereby persons that fail to file the form identifying the land included on the person's farm could have the land classified as agricultural land if the person appeals the land's classification to the board of review or files a claim for the recovery of unlawful taxes with the taxation district, provided the board of review or local governing body determines that the land meets the definition of agricultural land.
19. Penalty for Agricultural Land Converted to Other Uses Senate modified to exclude conversions from the penalty if the land is converted from an agricultural use to a use where it would be classified for property tax purposes under the other, productive forest land or swamp or waste classifications.
22. Dane County Regional Planning Commission Senate

2001 - 2002 LEGISLATURE  
January 2002 Special Session

LRBb30697

*u/kemh & Kg*

LFB:.....Olin - Definition of agricultural land and penalty for converting agricultural land

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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

*FOOT  
Monday*

*in 6-21-02*

1  
2

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

~~(END)~~



2001 - 2002 LEGISLATURE  
January 2002 Special Session

23069//  
LBB2757/1  
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:

*as it relates to par. (a) 1.*

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

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

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

1. "Department" means the department of revenue.

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

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

b. Classification 112-Animal production.

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

*the land*

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<sup>b</sup>."

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

22 "SECTION 233b. 74.48<sup>a</sup> of the statutes is repealed.

23 SECTION 233d. 74.485<sup>b</sup> of the statutes is created to read:

24 (d) If a person who owns or who is a lessee of land used as a farm fails to timely  
file the form under par. (b), the land may be ~~classified and~~ assessed as  
agricultural land if the person appeals the land's classification to the  
board of review under s. 70.47<sup>c</sup> or files a claim under s. 74.35<sup>d</sup> with the  
taxation district and the board of review or the taxation district determines that  
the land is agricultural land, as defined in sub. (2)(c)1. ✓

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

*if the converted land may be assessed as swamp or waste under s. 70.32(2)(a) 5., or productive forest land under s. 70.32(2)(a) 6., or as other under s. 70.32(2)(a) 7. or*

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)

**Kreye, Joseph**

---

**From:** Olin, Rick  
**Sent:** Friday, June 28, 2002 2:03 PM  
**To:** Kreye, Joseph  
**Subject:** LRBb3069/1

On page 3, line 9, there is a superfluous "of" which you may want to remove





State of Wisconsin  
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb3069/1

JK:cmh&kg:jf

*RM not KJd*

LFB:.....Olin – Definition of agricultural land and penalty for converting agricultural land

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO ASSEMBLY BILL 1

*in 7-1-02  
room*

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," as it relates to par. (a) 7., means buildings and  
2 improvements located on farms, as defined in sub. (2s) (a) 2., and the land necessary  
3 for their location and 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:


10           a. Classification 111-Crop production.

11           b. Classification 112-Animal production.

12           (b) Any person who owns or who is a lessee of land used as a farm shall file a  
13 form, as prescribed by the department, with the assessor of each taxation district in  
14 which land included in the farm is located no later than March 1 that certifies that  
15 the person is the owner or lessee of land used as a farm. The person shall identify  
16 on the form the land that is included in the farm. A person who has filed a form under  
17 this paragraph shall only file such a form in a subsequent year if in that subsequent  
18 year the person has acquired or leased additional land to be used as part of the farm.

19           (c) If the use of the person's land has changed so that it may no longer be  
20 assessed as agricultural land under sub. (2r), the person who owns or who is the  
21 lessee of the land shall notify the assessor of the taxation district in which the  
22 person's land is located, on a form prescribed by the department. If the use of the  
23 person's land has changed so that it may no longer be assessed as agricultural land  
24 under sub. (2r) and the person who owns or who is the lessee of the land does not  
25 notify the assessor of the taxation district as provided under this paragraph, the

1 taxation district shall treat the difference between the land's value as agricultural  
2 land under sub. (2r) and the land's value under the appropriate classification as  
3 provided under sub. (2) (a) as omitted property under s. 70.44 and collect from the  
4 owner of the land the penalty under s. 74.485.

5 (d) If a person who owns or who is a lessee of land used as a farm fails to timely  
6 file the form under par. (b), the land may be assessed as agricultural land if the  
7 person appeals the land's classification to the board of review under s. 70.47 or files  
8 a claim under s. 74.35 with the taxation district and the board of review or the  
9 taxation district determines that the land is agricultural land, as defined in sub.  
10 (2) (c) 1." 

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

12 **"SECTION 233b.** 74.48 of the statutes is repealed.

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

14 **74.485 Penalty for converting agricultural land.** (1) DEFINITION. In this  
15 section, "agricultural land" has the meaning given in s. 70.32 (2) (c) 1.

16 (2) PENALTY. Except as provided in sub. (4), a person who owns land that has  
17 been assessed as agricultural land under s. 70.32 (2r) and who converts the land's  
18 use so that the land is not eligible to be assessed as agricultural land under s. 70.32  
19 (2r), as determined by the assessor of the taxation district in which the land is  
20 located, shall pay a penalty to the county in which the land is located in an amount,  
21 calculated by the county treasurer, that is equal to the number of acres converted  
22 multiplied by the amount of the difference between the average fair market value of  
23 an acre of agricultural land sold in the county in the year before the year that the  
24 person converts the land, as determined under sub. (3), and the average equalized

1 value of an acre of agricultural land in the county in the year before the year that the  
2 person converts the land, as determined under sub. (3), multiplied by the following:

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

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

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

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

13 (4) EXCEPTIONS AND DEFERRAL. (a) A person who owns land that has been  
14 assessed as agricultural land under s. 70.32 (2r) and who converts the land's use so  
15 that the land is not eligible to be assessed as agricultural land under s. 70.32 (2r) is  
16 not subject to a penalty under sub. (2) if the converted land may be assessed as  
17 swamp or waste under s. 70.32 (2) (a) 5., as productive forest land under s. 70.32 (2)  
18 (a) 6., or as other under s. 70.32 (2) (a) 7. or if the amount of the penalty determined  
19 under sub. (2) represents less than \$25 for each acre of converted land.

20 (b) If a person owes a penalty under sub. (2), the treasurer of the county in  
21 which the person's land is located may defer payment of the penalty to the succeeding  
22 taxable year if the person demonstrates to the assessor of the taxation district in  
23 which the land is located that the person's land will be used as agricultural land in  
24 the succeeding taxable year. A person who receives a deferral under this paragraph  
25 is not subject to the penalty under sub. (2) related to the deferral, if the person's land

1 is used as agricultural land in the succeeding taxable year. If the land of a person  
2 who receives a deferral under this paragraph is not used as agricultural land in the  
3 succeeding taxable year, the person shall pay the penalty with interest at the rate  
4 of 1% a month, or fraction of a month, from the date that the treasurer granted a  
5 deferral to the date that the penalty is paid.

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

13 (6) DISTRIBUTION. A county that collects a penalty under this section shall  
14 distribute 50% of the amount of the penalty to the taxation district in which the land  
15 related to the penalty is located. If the land related to the penalty is located in 2 or  
16 more taxation districts, the county shall distribute 50% of the amount of the penalty  
17 to the taxation districts in proportion to the equalized value of the land related to the  
18 penalty that is located in each taxation district. A taxation district shall distribute  
19 50% of any amount it receives under this subsection to an adjoining taxation district,  
20 if the taxation district in which the land related to the penalty is located annexed the  
21 land related to the penalty from the adjoining taxation district in either of the 2 years  
22 preceding a distribution under this subsection.

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

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

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

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

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

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

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

12 “(1m) PENALTY FOR CONVERTING AGRICULTURAL LAND. Notwithstanding section  
13 70.32 (2s) (c) of the statutes, as created by this act, and section 74.485 of the statutes,  
14 as created by this act, land assessed as agricultural land for the property tax  
15 assessments as of January 1, 2002, that may no longer be assessed as agricultural  
16 land for the property tax assessments as of January 1, 2003, because the land is not  
17 used as a farm, as defined under section 70.32 (2s) (a) 2. of the statutes, is not subject  
18 to the penalty under section 74.485 of the statutes with regard to the property tax  
19 assessments as of January 1, 2002, and January 1, 2003.”

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

21 “(1m) TAXATION OF AGRICULTURAL LAND. The treatment of sections 70.32 (2) (c)  
22 1. and 1m. and (2s), 74.48, and 74.485 of the statutes first applies to the property tax  
23 assessments as of, and the penalties imposed on, January 1, 2003.”

24 (END)

## Kreye, Joseph

---

**From:** Olin, Rick  
**Sent:** Tuesday, July 02, 2002 11:37 AM  
**To:** Kreye, Joseph  
**Cc:** Worcester, Barbara  
**Subject:** Definition of Other

Modify the definition of "other" to include residences on the farm of the spouse, children, parents and grandparents of the farm operator. As a result, if agricultural land on a farm is converted to to a residence for an immediate family member of the farm operator, a penalty on the conversion of the property would not be incurred.

Prk - 699/6

i) Decker needs a technical (use value

involving "other" to include the

residence for a farm operator

residence of immediate family of the farm

operator

~~the~~

spouse, children, parents,  
grandparents





State of Wisconsin  
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb3069/2  
JK:cmh&kg&jd:rs

3

RMR

LFB:.....Olin - Definition of agricultural land and penalty for converting agricultural land

FOR 2001-03 BUDGET -- NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO ASSEMBLY BILL 1

7-2-02  
SDON

- 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," as it relates to par. (a) 7., means buildings and  
2 improvements located on farms, as defined in sub. (2s) (a) 2., and the land necessary  
3 for ~~their~~ location and convenience. *of those buildings and improvements*

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:

10 a. Classification 111-Crop production.

11 b. Classification 112-Animal production.

12 (b) Any person who owns or who is a lessee of land used as a farm shall file a  
13 form, as prescribed by the department, with the assessor of each taxation district in  
14 which land included in the farm is located no later than March 1 that certifies that  
15 the person is the owner or lessee of land used as a farm. The person shall identify  
16 on the form the land that is included in the farm. A person who has filed a form under  
17 this paragraph shall only file such a form in a subsequent year if in that subsequent  
18 year the person has acquired or leased additional land to be used as part of the farm.

19 (c) If the use of the person's land has changed so that it may no longer be  
20 assessed as agricultural land under sub. (2r), the person who owns or who is the  
21 lessee of the land shall notify the assessor of the taxation district in which the  
22 person's land is located, on a form prescribed by the department. If the use of the  
23 person's land has changed so that it may no longer be assessed as agricultural land  
24 under sub. (2r) and the person who owns or who is the lessee of the land does not  
25 notify the assessor of the taxation district as provided under this paragraph, the

PLAIN TEXT

*; including any residence for the farm operator's spouse, children,  
parents, or grandparents;*

1 taxation district shall treat the difference between the land's value as agricultural  
2 land under sub. (2r) and the land's value under the appropriate classification as  
3 provided under sub. (2) (a) as omitted property under s. 70.44 and collect from the  
4 owner of the land the penalty under s. 74.485.

5 (d) If a person who owns or who is a lessee of land used as a farm fails to timely  
6 file the form under par. (b), the land may be assessed as agricultural land if the  
7 person appeals the land's classification to the board of review under s. 70.47 or files  
8 a claim under s. 74.35 with the taxation district and the board of review or the  
9 taxation district determines that the land is agricultural land, as defined in sub. (2)  
10 (c) 1.”

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

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

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

14 **74.485 Penalty for converting agricultural land.** (1) DEFINITION. In this  
15 section, “agricultural land” has the meaning given in s. 70.32 (2) (c) 1.

16 (2) PENALTY. Except as provided in sub. (4), a person who owns land that has  
17 been assessed as agricultural land under s. 70.32 (2r) and who converts the land's  
18 use so that the land is not eligible to be assessed as agricultural land under s. 70.32  
19 (2r), as determined by the assessor of the taxation district in which the land is  
20 located, shall pay a penalty to the county in which the land is located in an amount,  
21 calculated by the county treasurer, that is equal to the number of acres converted  
22 multiplied by the amount of the difference between the average fair market value of  
23 an acre of agricultural land sold in the county in the year before the year that the  
24 person converts the land, as determined under sub. (3), and the average equalized

1 value of an acre of agricultural land in the county in the year before the year that the  
2 person converts the land, as determined under sub. (3), multiplied by the following:

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

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

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

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

13 (4) EXCEPTIONS AND DEFERRAL. (a) A person who owns land that has been  
14 assessed as agricultural land under s. 70.32 (2r) and who converts the land's use so  
15 that the land is not eligible to be assessed as agricultural land under s. 70.32 (2r) is  
16 not subject to a penalty under sub. (2) if the converted land may be assessed as  
17 swamp or waste under s. 70.32 (2) (a) 5., as productive forest land under s. 70.32 (2)  
18 (a) 6., or as other under s. 70.32 (2) (a) 7. or if the amount of the penalty determined  
19 under sub. (2) represents less than \$25 for each acre of converted land.

20 (b) If a person owes a penalty under sub. (2), the treasurer of the county in  
21 which the person's land is located may defer payment of the penalty to the succeeding  
22 taxable year if the person demonstrates to the assessor of the taxation district in  
23 which the land is located that the person's land will be used as agricultural land in  
24 the succeeding taxable year. A person who receives a deferral under this paragraph  
25 is not subject to the penalty under sub. (2) related to the deferral, if the person's land

1 is used as agricultural land in the succeeding taxable year. If the land of a person  
2 who receives a deferral under this paragraph is not used as agricultural land in the  
3 succeeding taxable year, the person shall pay the penalty with interest at the rate  
4 of 1% a month, or fraction of a month, from the date that the treasurer granted a  
5 deferral to the date that the penalty is paid.

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

13 (6) DISTRIBUTION. A county that collects a penalty under this section shall  
14 distribute 50% of the amount of the penalty to the taxation district in which the land  
15 related to the penalty is located. If the land related to the penalty is located in 2 or  
16 more taxation districts, the county shall distribute 50% of the amount of the penalty  
17 to the taxation districts in proportion to the equalized value of the land related to the  
18 penalty that is located in each taxation district. A taxation district shall distribute  
19 50% of any amount it receives under this subsection to an adjoining taxation district,  
20 if the taxation district in which the land related to the penalty is located annexed the  
21 land related to the penalty from the adjoining taxation district in either of the 2 years  
22 preceding a distribution under this subsection.

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

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

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

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

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

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

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

12 “(1m) PENALTY FOR CONVERTING AGRICULTURAL LAND. Notwithstanding section  
13 70.32 (2s) (c) of the statutes, as created by this act, and section 74.485 of the statutes,  
14 as created by this act, land assessed as agricultural land for the property tax  
15 assessments as of January 1, 2002, that may no longer be assessed as agricultural  
16 land for the property tax assessments as of January 1, 2003, because the land is not  
17 used as a farm, as defined under section 70.32 (2s) (a) 2. of the statutes, is not subject  
18 to the penalty under section 74.485 of the statutes with regard to the property tax  
19 assessments as of January 1, 2002, and January 1, 2003.”.

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

21 “(1m) TAXATION OF AGRICULTURAL LAND. The treatment of sections 70.32 (2) (c)  
22 1. and 1m. and (2s), 74.48, and 74.485 of the statutes first applies to the property tax  
23 assessments as of, and the penalties imposed on, January 1, 2003.”.

24

(END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb3069/3  
JK:cmh&kg&jd:rs

LFB:.....Olin - Definition of agricultural land and penalty for converting agricultural land

FOR 2001-03 BUDGET -- NOT READY FOR INTRODUCTION

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:

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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).

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1           70.32 (2) (c) 1m. “Other,” as it relates to par. (a) 7., means buildings and  
2 improvements located on farms, as defined in sub. (2s) (a) 2.; including any residence  
3 for the farm operator’s spouse, children, parents, or grandparents; and the land  
4 necessary for the location and convenience of those building and improvements.

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

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10 of management and budget under any of the following classifications:

11           a. Classification 111–Crop production.

12           b. Classification 112–Animal production.

13           (b) Any person who owns or who is a lessee of land used as a farm shall file a  
14 form, as prescribed by the department, with the assessor of each taxation district in  
15 which land included in the farm is located no later than March 1 that certifies that  
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19 year the person has acquired or leased additional land to be used as part of the farm.

20           (c) If the use of the person’s land has changed so that it may no longer be  
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1 notify the assessor of the taxation district as provided under this paragraph, the  
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13 located shall administer the penalty under this section.”

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22 assessments as of January 1, 2002, and January 1, 2003.”.

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

