

**2001 DRAFTING REQUEST**

**Senate Amendment (SA-SSA1-SB55)**

Received: 06/15/2001

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Senate Democratic Caucus

By/Representing: Keckhaver

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - property

Extra Copies:

Submit via email: NO

Requester's email:

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**Pre Topic:**

SDC:.....Keckhaver - CN1045/2003,

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**Topic:**

Penalty for converting agricultural land

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**Instructions:**

See Attached

---

**Drafting History:**

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/1	jkreye 06/16/2001	csicilia 06/16/2001	kfollet 06/16/2001	_____	lrb docadmin 06/16/2001		
	jkreye 06/17/2001	csicilia 06/17/2001		_____			
/2	jkreye 06/19/2001	csicilia 06/19/2001	jfrantze 06/18/2001	_____	lrb docadmin 06/18/2001		
				_____			
/3			jfrantze 06/19/2001	_____	lrb docadmin 06/19/2001		

FE Sent For:

<END>

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/1	jkreye 06/16/2001	csicilia 06/16/2001	kfollet 06/16/2001	<i>JSR/AR6</i> <u>6/19</u>	lrb_docadmin 06/16/2001		
	jkreye 06/17/2001	csicilia 06/17/2001					
/2			jfrantze 06/18/2001		lrb_docadmin 06/18/2001		

*13 js 6/19  
01*  
*6/19*

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

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/1	jkreye 06/16/2001	csicilia 06/16/2001	kfollet 06/16/2001	_____	lrb_docadmin 06/16/2001		

FE Sent For:

12 cjs 6/17/01  
 01 6/18/01  
 Self 6/16/01  
 <END> 6/18/01

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	jkreye	/1 cjs 6/16 01	kjl 6/16	kye/le 6/16			

FE Sent For:

<END>

Senate Caucus  
DEM

CN1045

Adopt Freestanding Motion 648, which modifies current law provisions relating to the penalty on agricultural land that is converted to other uses.

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Penalty for Agricultural Land Converted to Other Uses

*also determine  
fair market  
value of  
ag land*

Motion:

Move to 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. Require the register of deeds to inform the county treasurer of sales of agricultural property. Specify that these provisions first apply to penalties imposed beginning on January 1, 2002.

---

**Note:**

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.



JK

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Penalty for Agricultural Land Converted to Other Uses

CN2003

Motion:

Move to 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. Require the register of deeds to inform the county treasurer of sales of agricultural property. Specify that these provisions first apply to penalties imposed beginning on January 1, 2002.

**Note:**

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.

MO# 5-11

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	Y	<input checked="" type="radio"/>	A
PLACHE	Y	<input checked="" type="radio"/>	A
WIRCH	Y	<input checked="" type="radio"/>	A
WELCH	Y	<input checked="" type="radio"/>	A
DARLING	Y	<input checked="" type="radio"/>	A
GARD	Y	<input checked="" type="radio"/>	A
KAUFERT	Y	<input checked="" type="radio"/>	A
ALBERS	Y	<input checked="" type="radio"/>	A
WARD	Y	<input checked="" type="radio"/>	A
DUFF	Y	<input checked="" type="radio"/>	A
HUEBSCH	Y	<input checked="" type="radio"/>	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

Agency: Shared Revenue and Tax Relief

JK

caucus number 2002

duplicate flag: y  
duplicate with: 1035

Other reference numbers:

LFB Sum #: ✓

FM 144

bill number/amendment number:

LRB draft #

LRB P-draft:

description: In order to be defined as ag. land, land has to be located on farms and would impose a rept. requirement whereby farm ops would be required to identify the land included in the farm, and that \$6,000 or more of ag. products were sold in the last year.

other notes

drafting instructions:

more instructions:

GPR: \$0.00 PR: \$0.00 SEG: \$0.00 Other:  
FED: \$0.00 TANF: \$0.00 All Funds: \$0.00  
GPR-REV: \$0.00 SEG-REV: \$0.00 PR-REV: \$0.00  
no fiscal impact: unknown impact: x

caucus number 2003

duplicate flag: y  
duplicate with: 1045

Other reference numbers:

LFB Sum #:

FM 648

bill number/amendment number:

LRB draft #

LRB P-draft:

description: County Treasurers will impose the penalty that is assessed for converting ag. land to other uses. Owners of ag. land that is sold are required to notify the buyers that the land is assessed under use value provisions.

other notes

drafting instructions:

more instructions:

GPR: \$0.00 PR: \$0.00 SEG: \$0.00 Other:  
FED: \$0.00 TANF: \$0.00 All Funds: \$0.00  
GPR-REV: \$0.00 SEG-REV: \$0.00 PR-REV: \$0.00  
no fiscal impact: unknown impact: x

caucus number 2503

duplicate flag: y  
duplicate with: 2708;1046;7524

Other reference numbers:

LFB Sum #:

FM 245

bill number/amendment number:

LRB draft #

LRB P-draft:

description: Remove property tax exemption for UW Medical Foundation granted under motion 245.

other notes

drafting instructions:

more instructions:

GPR: \$0.00 PR: \$0.00 SEG: \$0.00 Other:  
FED: \$0.00 TANF: \$0.00 All Funds: \$0.00  
GPR-REV: \$0.00 SEG-REV: \$0.00 PR-REV: \$0.00  
no fiscal impact: x unknown impact:



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBb09197

JK:.....

gs

RMR

SDC:.....Keckhaver – CN1045/2003, Penalty for converting agricultural land

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

in 6-16-01

SOON

Substitute amendment

1 At the locations indicated, amend the bill as follows:

2 1. Page 838, line 18: after that line insert: **Insert A**

3 2. Page 1407, line 9: after that line insert: **Insert B**

4 (END)

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBb0919/?ins  
JK:.....

insert A

1 "SECTION ?? 74.48 of the statutes is repealed. ✓

2 SECTION ?? 74.485 of the statutes is created to read: ✓

3 **74.485 Penalty for converting agricultural land.** (1) DEFINITIONS. In this  
4 section, "agricultural land" has the meaning given in s. 70.32 (2) (c) 1. ✓

5 (2) PENALTY. Except as provided in sub. (4), a person who owns land that has  
6 been assessed as agricultural land under s. 70.32 (2r) and who converts the land's  
7 use so that the land is not assessed as agricultural land under s. 70.32 (2r), as  
8 determined by the county treasurer, shall pay a penalty to the county in which the  
9 land is located in an amount equal to the number of acres converted multiplied by  
10 the amount of the difference between the average fair market value of an acre of  
11 agricultural land sold in the county in the year before the year that the person  
12 converts the land, as determined under sub. (3), and the average equalized value of  
13 an acre of agricultural land in the county in the year before the year that the person  
14 converts the land, as determined under s. 70.57, multiplied by the following: ✓

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

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

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

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

1           (4) EXCEPTIONS AND DEFERRAL. (a) A person who owns land that has been  
2 assessed as agricultural land under s. 70.32 (2r) and who converts the land's use so  
3 that the land is not assessed as agricultural land under s. 70.32 (2r) is not subject to  
4 a penalty under sub. (2) if the amount of the penalty determined under sub. (2)  
5 represents less than \$25 for each acre of converted land.

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

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

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

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

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

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

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

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

16 (8) REGISTER OF DEEDS. The county register of deeds shall inform the county  
 17 treasurer of all sales 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."

insert B

20 27a  
 21 "(?) PENALTY FOR CONVERTING AGRICULTURAL LAND. The treatment of sections  
 22 77.48 and 77.485 of the statutes first applies to penalties imposed on January 1,  
 2002."

NON  
STAT  
INIT  
APP

**Kreye, Joseph**

---

**From:** Worcester, Barbara  
**Sent:** Sunday, June 17, 2001 12:57 PM  
**To:** Olin, Rick; Keckhaver, John; Kreye, Joseph; Burnett, Douglas  
**Subject:** RE: Use Value Penalty (LRBb0919/1)

If you have not done so already, please incorporate the change recommended by Rick Olin. Rick has worked with Russ and I since the inception of this amendment and understands completely our intentions. Thank you.

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

**From:** Olin, Rick  
**Sent:** Sunday, June 17, 2001 12:05 PM  
**To:** Keckhaver, John; Kreye, Joseph; Worcester, Barbara  
**Subject:** Use Value Penalty (LRBb0919/1)

Please consider:

Insert "eligible to be" after "not" on page 1, line 9. The motion seeks to avoid a current law problem whereby penalties can't be imposed until property is reassessed. Thus, property can change use on January 2 of one year, and no penalty can be imposed until January 1, of the following year. In the meantime, the property may have changed owners again. While the phrase "as determined by the county treasurer" on the next line is helpful, I am not sure that it is sufficient to compel the treasurer to impose the penalty at the time of conversion.



**Kreye, Joseph**

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**From:** Olin, Rick  
**Sent:** Sunday, June 17, 2001 12:05 PM  
**To:** Keckhaver, John; Kreye, Joseph; Worcester, Barbara  
**Subject:** Use Value Penalty (LRBb0919/1)

Please consider:

Insert "eligible to be" after "not" on page 1, line 9. The motion seeks to avoid a current law problem whereby penalties can't be imposed until property is reassessed. Thus, property can change use on January 2 of one year, and no penalty can be imposed until January 1, of the following year. In the meantime, the property may have changed owners again. While the phrase "as determined by the county treasurer" on the next line is helpful, I am not sure that it is sufficient to compel the treasurer to impose the penalty at the time of conversion.

**Kreye, Joseph**

---

**From:** Olin, Rick  
**Sent:** Sunday, June 17, 2001 12:17 PM  
**To:** Kreye, Joseph  
**Subject:** Ag penalty

If you proceed with my recommendation, I notice similar language on page 2, line 18, that would also be changed.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBb0919/2

JK:cjs:kjf

*RM not run*

SDC:.....Keckhaver – CN1045/2003, Penalty for converting agricultural land

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

**CAUCUS SENATE AMENDMENT**

**TO SENATE SUBSTITUTE AMENDMENT 1,**

**TO 2001 SENATE BILL 55**

*lin 6-17-01*

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

2 **1.** Page 838, line 18: after that line insert:

3 **“SECTION 2226d.** 74.48 of the statutes is repealed.

4 **SECTION 2226e.** 74.485 of the statutes is created to read:

5 **74.485 Penalty for converting agricultural land.** (1) DEFINITIONS. In this  
6 section, “agricultural land” has the meaning given in s. 70.32 (2) (c) 1.

7 (2) PENALTY. Except as provided in sub. (4), a person who owns land that has  
8 been assessed as agricultural land under s. 70.32 (2r) and who converts the land’s

9 use so that the land is not <sup>*eligible to be*</sup> assessed as agricultural land under s. 70.32 (2r), as

10 determined by the county treasurer, shall pay a penalty to the county in which the

1 land is located in an amount equal to the number of acres converted multiplied by  
2 the amount of the difference between the average fair market value of an acre of  
3 agricultural land sold in the county in the year before the year that the person  
4 converts the land, as determined under sub. (3), and the average equalized value of  
5 an acre of agricultural land in the county in the year before the year that the person  
6 converts the land, as determined under s. 70.57, multiplied by the following:

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

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

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

11 (3) FAIR MARKET VALUE DETERMINATION. Annually, the department of revenue  
12 shall determine the average fair market value of an acre of agricultural land sold in  
13 each county in the previous year based on the sales in each county in the previous  
14 year of parcels of agricultural land that are 38 acres or more to buyers who intend  
15 to use the land as agricultural land.

16 (4) EXCEPTIONS AND DEFERRAL. (a) A person who owns land that has been  
17 assessed as agricultural land under s. 70.32 (2r) and who converts the land's use so  
18 that the land is not <sup>eligible to be</sup> assessed as agricultural land under s. 70.32 (2r) is not subject to  
19 a penalty under sub. (2) if the amount of the penalty determined under sub. (2)  
20 represents less than \$25 for each acre of converted land.

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

1 to the deferral, if the person's land is used as agricultural land in the succeeding  
2 taxable year. If the land of a person who receives a deferral under this paragraph  
3 is not used as agricultural land in the succeeding taxable year, the person shall pay  
4 the penalty with interest at the rate of 1% a month, or fraction of a month, from the  
5 date that the treasurer granted a 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) REGISTER OF DEEDS. The county register of deeds shall inform the county  
7 treasurer of all sales of agricultural land located in the county.

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

10 **2.** Page 1407, line 9: after that line insert:

11 “(27q) PENALTY FOR CONVERTING AGRICULTURAL LAND. The treatment of sections  
12 77.48 and 77.485 of the statutes first applies to penalties imposed on January 1,  
13 2002.”.

14 (END)

**Kreye, Joseph**

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**From:** Olin, Rick  
**Sent:** Monday, June 18, 2001 9:07 AM  
**To:** Kreye, Joseph  
**Subject:** Use Value penalty (LRBb0919)

Joe:

On page 2, lines 11-15, I think we should add a reference to "the average equalized value of an acre of agricultural land in the county in the previous year, as determined under s. 70.57". This language is identical to that which you created on lines 4 through 6. DOR should be certifying each of the values used in the penalty calculation. While the equalized value of ag land in the county is generally known, the total ag acreage within the county is not generally known. Therefore, local officials would be unable to calculate the per acre values, and DOR needs to make both per acre calculations.

add

L 2 //

L don't get it!



SDC:.....Keckhaver – CN1045/2003, Penalty for converting agricultural land

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

**CAUCUS SENATE AMENDMENT**

**TO SENATE SUBSTITUTE AMENDMENT 1,**

**TO 2001 SENATE BILL 55**

*in 6-19-01*

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

2 **1.** Page 838, line 18: after that line insert:

3 **“SECTION 2226d.** 74.48 of the statutes is repealed.

4 **SECTION 2226e.** 74.485 of the statutes is created to read:

5 **74.485 Penalty for converting agricultural land.** (1) DEFINITIONS. In this  
6 section, “agricultural land” has the meaning given in s. 70.32 (2) (c) 1.

7 (2) PENALTY. Except as provided in sub. (4), a person who owns land that has  
8 been assessed as agricultural land under s. 70.32 (2r) and who converts the land’s  
9 use so that the land is not eligible to be assessed as agricultural land under s. 70.32  
10 (2r), as determined by the county treasurer, shall pay a penalty to the county in which



1 the land is located in an amount equal to the number of acres converted multiplied  
 2 by the amount of the difference between the average fair market value of an acre of  
 3 agricultural land sold in the county in the year before the year that the person  
 4 converts the land, as determined under sub. (3), and the average equalized value of  
 5 an acre of agricultural land in the county in the year before the year that the person  
 6 converts the land, as determined under ~~s. 70.57~~ <sup>sub. (3) ✓</sup>, multiplied by the following:

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

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

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

11 (3) ~~FAIR MARKET~~ VALUE DETERMINATION. Annually, the department of revenue  
 12 shall determine the average fair market value of an acre of agricultural land sold in  
 13 each county in the previous year based on the sales in each county in the previous  
 14 year of parcels of agricultural land that are 38 acres or more to buyers who intend  
 15 to use the land as agricultural land.

16 (4) EXCEPTIONS AND DEFERRAL. (a) A person who owns land that has been  
 17 assessed as agricultural land under s. 70.32 (2r) and who converts the land's use so  
 18 that the land is not eligible to be assessed as agricultural land under s. 70.32 (2r) is  
 19 not subject to a penalty under sub. (2) if the amount of the penalty determined under  
 20 sub. (2) represents less than \$25 for each acre of converted land.

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

*each*  
 the average equalized value of an acre of agricultural land in the  
 county in the previous year, as provided under s. 70.57, and

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