

2007 ASSEMBLY BILL 470

July 26, 2007 – Introduced by Representatives SEIDEL, HAHN, BALLWEG, BIES, DAVIS, GRONEMUS, GUNDERSON, HINTZ, HIXSON, MUSSER, NELSON, SHERIDAN and TOWNSEND, cosponsored by Senators BRESKE, A. LASEE, ROESSLER and SCHULTZ. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 70.365, 74.485 (title), 74.485 (2) (intro.), 74.485 (4) (a), 74.485
2 (4) (b), 74.485 (5), 74.485 (6), 74.485 (7) (b), 74.485 (8) and 74.485 (9) of the
3 statutes; **relating to:** the penalty for converting agricultural land.

Analysis by the Legislative Reference Bureau

Under current law, a person who owns land that has been assessed, for property tax purposes, as agricultural land and who converts the land's use so that the land may not be assessed as agricultural land must pay a penalty to the county in which the land is located. This bill changes the term "penalty" to "conversion charge," as it relates to the amount that a taxpayer pays for converting agricultural land. Under the bill, if the taxation district assessor determines that land assessed as agricultural land for the previous year is no longer eligible to be assessed as agricultural land, the assessor must notify the property owner, in writing, that the property owner may be subject to a conversion charge.

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

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

4 **SECTION 1.** 70.365 of the statutes is amended to read:

ASSEMBLY BILL 470**SECTION 1**

1 **70.365 Notice of changed assessment.** When the assessor assesses any
2 taxable real property, or any improvements taxed as personal property under s. 77.84
3 (1), and arrives at a different total than the assessment of it for the previous year,
4 the assessor shall notify the person assessed if the address of the person is known
5 to the assessor, otherwise the occupant of the property. The If the assessor
6 determines that land assessed under s. 70.32 (2r) for the previous year is no longer
7 eligible to be assessed under s. 70.32 (2r), the assessor shall notify the person
8 assessed if the assessor knows the person's address, or otherwise the occupant of the
9 property, that the person assessed may be subject to a conversion charge under s.
10 74.485. Any notice issued under this section shall be in writing and shall be sent by
11 ordinary mail at least 15 days before the meeting of the board of review or before the
12 meeting of the board of assessors in 1st class cities and in 2nd class cities that have
13 a board of assessors under s. 70.075 and shall contain the amount of the changed
14 assessment and the time, date, and place of the meeting of the local board of review
15 or of the board of assessors. However, if the assessment roll is not complete, the
16 notice shall be sent by ordinary mail at least 15 days prior to the date to which the
17 board of review has adjourned. The assessor is not required to send a notice under
18 this section if the assessor and the taxpayer agree in writing to the assessment. The
19 assessor shall attach to the assessment roll a statement that the notices required by
20 this section have been mailed and failure to receive the notice shall not affect the
21 validity of the changed assessment, the resulting changed tax, the procedures of the
22 board of review or of the board of assessors or the enforcement of delinquent taxes
23 by statutory means. The secretary of revenue shall by rule prescribe the form of the
24 notice required under this section. The form shall include information notifying the
25 taxpayer of the procedures to be used to object to the assessment.

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1 **SECTION 2.** 74.485 (title) of the statutes is amended to read:

2 **74.485 (title) Penalty Charge for converting agricultural land.**

3 **SECTION 3.** 74.485 (2) (intro.) of the statutes is amended to read:

4 **74.485 (2) PENALTY CONVERSION CHARGE.** (intro.) Except as provided in sub. (4),
5 a person who owns land that has been assessed as agricultural land under s. 70.32
6 (2r) and who converts the land's use so that the land is not eligible to be assessed as
7 agricultural land under s. 70.32 (2r), as determined by the assessor of the taxation
8 district in which the land is located, shall pay a penalty conversion charge to the
9 county in which the land is located in an amount, calculated by the county treasurer,
10 that is equal to the number of acres converted multiplied by the amount of the
11 difference between the average fair market value of an acre of agricultural land sold
12 in the county in the year before the year that the person converts the land, as
13 determined under sub. (3), and the average equalized value of an acre of agricultural
14 land in the county in the year before the year that the person converts the land, as
15 determined under sub. (3), multiplied by the following:

16 **SECTION 4.** 74.485 (4) (a) of the statutes is amended to read:

17 **74.485 (4) (a)** A person who owns land that has been assessed as agricultural
18 land under s. 70.32 (2r) and who converts the land's use so that the land is not eligible
19 to be assessed as agricultural land under s. 70.32 (2r) is not subject to a penalty
20 conversion charge under sub. (2) if the converted land may be assessed as
21 undeveloped under s. 70.32 (2) (a) 5., as agricultural forest under s. 70.32 (2) (a) 5m.,
22 as productive forest land under s. 70.32 (2) (a) 6., or as other under s. 70.32 (2) (a) 7.
23 or if the amount of the penalty conversion charge determined under sub. (2)
24 represents less than \$25 for each acre of converted land.

25 **SECTION 5.** 74.485 (4) (b) of the statutes is amended to read:

ASSEMBLY BILL 470**SECTION 5**

1 74.485 (4) (b) If a person owes a penalty conversion charge under sub. (2), the
2 treasurer of the county in which the person's land is located may defer payment of
3 the penalty conversion charge to the succeeding taxable year if the person
4 demonstrates to the assessor of the taxation district in which the land is located that
5 the person's land will be used as agricultural land in the succeeding taxable year.
6 A person who receives a deferral under this paragraph is not subject to the penalty
7 conversion charge under sub. (2) related to the deferral, if the person's land is used
8 as agricultural land in the succeeding taxable year. If the land of a person who
9 receives a deferral under this paragraph is not used as agricultural land in the
10 succeeding taxable year, the person shall pay the penalty conversion charge with
11 interest at the rate of 1% a month, or fraction of a month, from the date that the
12 treasurer granted a deferral to the date that the penalty conversion charge is paid.

13 **SECTION 6.** 74.485 (5) of the statutes is amended to read:

14 74.485 (5) PAYMENT. Except as provided in sub. (4), a person who owes a penalty
15 conversion charge under sub. (2) shall pay the penalty conversion charge to the
16 county in which the person's land related to the penalty conversion charge is located
17 no later than 30 days after the date that the penalty conversion charge is assessed.
18 A penalty conversion charge that is not paid on the date it is due is considered
19 delinquent and shall be paid with interest at the rate of 1% a month, or fraction of
20 a month, from the date that the penalty conversion charge is assessed to the date that
21 the penalty conversion charge is paid. The county shall collect an unpaid penalty
22 conversion charge as a special charge against the land related to the penalty
23 conversion charge.

24 **SECTION 7.** 74.485 (6) of the statutes is amended to read:

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1 74.485 (6) DISTRIBUTION. A county that collects a penalty conversion charge
2 under this section shall distribute 50% of the amount of the penalty conversion
3 charge to the taxation district in which the land related to the penalty conversion
4 charge is located. If the land related to the penalty conversion charge is located in
5 2 or more taxation districts, the county shall distribute 50% of the amount of the
6 penalty conversion charge to the taxation districts in proportion to the equalized
7 value of the land related to the penalty conversion charge that is located in each
8 taxation district. A taxation district shall distribute 50% of any amount it receives
9 under this subsection to an adjoining taxation district, if the taxation district in
10 which the land related to the penalty conversion charge is located annexed the land
11 related to the penalty conversion charge from the adjoining taxation district in either
12 of the 2 years preceding a distribution under this subsection.

13 **SECTION 8.** 74.485 (7) (b) of the statutes is amended to read:

14 74.485 (7) (b) Whether the person who owns the land and who is selling the land
15 has been assessed a penalty conversion charge under sub. (2) related to the land.

16 **SECTION 9.** 74.485 (8) of the statutes is amended to read:

17 74.485 (8) TAXATION DISTRICT ASSESSOR. The assessors of the taxation districts
18 located in the county shall inform the county treasurer and the real property lister
19 of all sales of agricultural land located in the county. No later than 15 days after the
20 board of review has adjourned, the assessors shall also deliver to the county
21 treasurer all information necessary to compute the conversion charges assessed
22 under this section.

23 **SECTION 10.** 74.485 (9) of the statutes is amended to read:

24 74.485 (9) ADMINISTRATION. The county in which the land as described in sub.
25 (1) is located shall administer the penalty conversion charge under this section.

