

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-2367/1</b>	<b>Introduction Number</b> <b>AB-0470</b>
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**Description**  
 The penalty for converting agricultural land

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others
	2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Paul Ziegler (608) 266-5773	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 8/10/2007
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## Fiscal Estimate Narratives

DOR 8/10/2007

LRB Number	07-2367/1	Introduction Number	AB-0470	Estimate Type	Original
<b>Description</b> The penalty for converting agricultural land					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, most property is assessed at its full market value. However, the assessment of agricultural land is based on the income that can be generated from the land's rental for agricultural use, which is less than the full market value of the land. A person who converts land that was assessed as agricultural land to another purpose must pay a penalty to the county in which the land is located. The county pays 50% of the penalty to the city, village or town where the land is located. The penalty is 5%, 7.5% or 10% of the difference between the use value and the full market value of the land, depending upon whether more than 30 acres, 10 to 30 acres, or under 10 acres of land is converted, respectively.

Also under current law, when an assessor changes the assessed value of property from the value in the previous year, the assessor must notify the property owner (or occupant if the owner is unknown) of the change. Notification must be in writing and be given at least 15 days prior to the board of review meeting.

The bill would require the assessor to notify the owner (or occupant if the owner is unknown) that a penalty for converting agricultural land to another use may apply. The bill would also provide an exception to the requirement that notifications be given at least 15 days prior to the board of review meeting if the assessor and taxpayer agree in writing to the new assessment. In addition, assessors would have to deliver information necessary to compute use value conversion penalties to the county treasurer no later than 15 days after the board of review has adjourned. The bill also replaces the term "penalty" with "conversion charge" in statutory provisions regarding the conversion penalty.

Department costs would increase under the bill. The Department anticipates being able to absorb those increased costs under its current budget authority. The notices and information required under the bill may impact local government costs.

### Long-Range Fiscal Implications