

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-4047/1	Introduction Number AB-0950									
Description property tax assessment of land subject to a stream bank protection easement.										
Fiscal Effect										
State:										
<input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 33%;"><input type="checkbox"/> Increase Existing Appropriations</td> <td style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues</td> <td style="width: 33%;"><input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget</td> </tr> <tr> <td><input type="checkbox"/> Decrease Existing Appropriations</td> <td><input type="checkbox"/> Decrease Existing Revenues</td> <td style="text-align: center;"><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Create New Appropriations</td> <td></td> <td><input type="checkbox"/> Decrease Costs</td> </tr> </table>		<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs
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Fund Sources Affected										
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS Affected Ch. 20 Appropriations										
Agency/Prepared By	Authorized Signature	Date								
DOR/ Daniel Huegel (608) 266-5705	Paul Ziegler (608) 266-5773	3/27/2008								

Fiscal Estimate Narratives

DOR 3/27/2008

LRB Number	07-4047/1	Introduction Number	AB-0950	Estimate Type	Original
Description property tax assessment of land subject to a stream bank protection easement.					

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

Most property is assessed at market value. However, the assessment of agricultural land is based on the income that can be generated from the land. This is commonly referred to as agricultural use value assessment. The definition of what constitutes agricultural use and the formula for calculating use values are prescribed by rule by the Department of Revenue (DOR).

By DOR rule, land enrolled under certain federal programs is defined to be in agricultural use for purposes of agricultural use value assessment. This includes all land under the conservation reserve program, the water bank program, and the agricultural conservation program. Land enrolled under the environmental quality incentives program or the conservation contract program also qualify if the land was in agricultural use at the time of enrollment.

By DOR rule, land subject to easement under certain state programs is also defined to be in agricultural use for purposes of agricultural use value assessment, but only if the land was in agricultural use at the time the easement was acquired. These state programs include the stream bank protection program, the conservation reserve enhancement program, and the nonpoint water pollution abatement program.

PROPOSED LAW

The bill expands the statutory definition of agricultural land to include land subject to easement that also meets the following requirements: (1) The land was classified as agricultural land before the easement was applied to the land. (2) The easement includes the restrictions that apply under the state's stream bank protection program. Among these restrictions are that any alterations of vegetative cover or natural features, and the planting or production of agricultural crops must be approved by the Department of Natural Resources (DNR). Mowing, grazing, or spraying on the land is also restricted. (3) The easement is in effect for at least 20 years from the date it was first applied. (4) The easement is owned by a non-profit conservation organization, a political subdivision (county, municipality, lake sanitary district, or inland lake protection and rehabilitation district), or the state.

FISCAL EFFECT

For the most part, the property affected by the bill is currently classified as agricultural land and, under the bill, would continue to be classified as agricultural land. As a result, the bill should have little, if any, effect on local assessments and the allocation of taxes among taxpayers.

By including in the statutes explicit criteria for certain easements that would enable land to which the easements apply to remain under agricultural use value, the bill ensures that such land remains as agricultural land for property tax purposes, even if the land is included in programs not explicitly identified by DOR rule as qualifying for agricultural use value.

Long-Range Fiscal Implications