

Fiscal Estimate Narratives
DATCP 3/15/2010

LRB Number	09-4018/1	Introduction Number	SB-576	Estimate Type	Original
Description The requirement to pay a conversion fee for having land rezoned out of a farmland preservation zoning district					

Assumptions Used in Arriving at Fiscal Estimate

This bill changes the date beginning on which a conversion fee must be paid in order to have land rezoned out of a farmland preservation zoning district in a political subdivision, from January 1, 2010, to the day after the day that the Department of Agriculture, Trade and Consumer Protection certifies the political subdivision's updated farmland preservation zoning ordinance.

Conversion fees are intended to both reduce rezoning of agricultural land overall and to reduce the size of areas that are rezoned, to encourage more efficient use of land for development, especially for residential use. Fees are deposited into the working lands trust fund and are used to fund farmland preservation planning grants to local governments and purchase of agricultural conservation easements.

Under the bill, state revenues would decrease by between \$4 million and \$10 million per year, through approximately calendar year 2012. The department estimates that the amount of land rezoned from farmland preservation zoning, given rates of agricultural land conversion in the mid-1990s, would result in between 6,000 and 10,000 acres rezoned each year. The use value assessment for Grade 1 cropland under farmland preservation zoning averages approximately \$270 per acre. The average conversion fee would be three times that amount, or \$810 per acre. Conversion fees would total between \$4.8 million and \$8.1 million per year. Given the considerable uncertainty in predicting farmland values and rezoning requests, the range could be between \$4 million and \$10 million per year.

The bill would have a minimal impact on local government costs. Political subdivisions with certified farmland preservation ordinances would still have to follow the rezoning process as before. Delaying conversion fees would only remove the requirement for political subdivisions to collect and submit conversions fees to the department.

However, the bill would reduce revenues to the working lands fund, and thereby reduce funds that the legislature could otherwise appropriate for planning grants to local governments and for purchases of conservation easements. Under current law, no funds are appropriated for those purposes in fiscal year 2009-10 and 2010-11, because working lands fund revenues have not yet been collected. (Planning grants are funded from GPR in fiscal year 2010-11.) Under the bill, collection of working lands fund revenues would be delayed, which would delay the ability of the legislature to make appropriations for local government planning grants and easement funds.

Long-Range Fiscal Implications