

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>13-3166/1</b>	<b>Introduction Number</b> <b>SB-437</b>	
<b>Description</b> Designation of agricultural enterprise areas		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> 0 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b>		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(2)(do)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984	Michael Wagner (608) 266-6785	1/31/2014

## Fiscal Estimate Narratives

DOR 1/31/2014

LRB Number	<b>13-3166/1</b>	Introduction Number	<b>SB-437</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
Designation of agricultural enterprise areas					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Agriculture, Trade and Consumer Protection (DATCP) administers the Farmland Preservation Program and the Department of Revenue administers the related farmland preservation tax credit.

Claimants receive the refundable tax credit based on the number of qualifying acres on their farms. If the acreage is located in a farmland preservation zoning district and subject to a qualifying farmland preservation agreement the credit is equal to \$10 per acre. If the acreage is located in a farmland preservation zoning district, but not subject to a qualifying farmland preservation agreement the credit is equal to \$7.50 per acre. If the acreage is not located in a farmland preservation zoning district, but is subject to a qualifying farmland preservation agreement the credit is equal to \$5 per acre.

Current law prohibits DATCP from entering into a farmland preservation agreement with a farmer unless the farmer's land is in an agricultural enterprise area designated by DATCP. Current law prohibits DATCP from designating agricultural enterprise areas with a combined area of more than one million acres. This bill increases the cap on the combined area of agricultural enterprise areas from one million to two million acres.

DATCP has not yet designated the full one million acres of allowable agricultural enterprise areas under current law. The fiscal effect of this bill will be to increase tax credits and the farmland preservation credit appropriation. DATCP has indicated that 80,000 acres have been enrolled in farmland preservation agreements out of a total of 500,000 agricultural enterprise area designations from 2010 to 2012, for an approximate credit amount of \$680,000. Approximately \$420,000 of that total is attributable to the acreage being located in a farmland preservation zoning district, with the remaining \$260,000 attributable to the farmland preservation agreement.

Assuming the enrollment rate remains at 16% (80,000 / 500,000 acres), an additional one million acres of designations would correspond to an additional credit of approximately \$520,000. Further assuming the DATCP designations reach one million acres in 2015 and this bill allows designations to increase by 250,000 acres annually until 2019, the current enrollment rate would correspond to increased farmland preservation credit claims of \$130,000 in fiscal year 2017, \$260,000 in fiscal year 2018, \$390,000 in fiscal year 2019, and \$520,000 in fiscal year 2020. The size of the effect will depend on the rate at which DATCP continues to designate agricultural enterprise areas and enter into farmland preservation agreements with farmers in those areas.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number <b>13-3166/1</b>		Introduction Number <b>SB-437</b>	
<b>Description</b> Designation of agricultural enterprise areas			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$See Text	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984		Michael Wagner (608) 266-6785	1/31/2014