Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2023 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **23-0606/1**	Introduction Number **AB-0133**

Description
farmland preservation agreements and tax credits

Fiscal Effect

State:

☐ No State Fiscal Effect
☒ Indeterminate

- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☒ Increase Costs - May be possible to absorb within agency's budget
  - ☒ Yes ☐ No
- ☐ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others 0
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☒ GPR ☐ FED ☐ PRO ☐ PRS ☒ SEG ☐ SEGS

Affected Ch. 20 Appropriations

20.115(7)(dm), 20.115(7)(tm)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DATCP 4/10/2023

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Description farmland preservation agreements and tax credits		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes the following changes involving farmland preservation program (FPP) reporting, agreements, and farmland preservation tax credits:
1. Decreases the minimum required length of a farmland preservation agreement between the Department of Agriculture, Trade and Consumer Protection (DATCP) and a farmland owner to 10 years from 15 years.
2. Requires DATCP to include in a report submitted to the Board of Agriculture, Trade and Consumer Protection, the Joint Committee on Finance, the standing committees of the legislature with jurisdiction over agriculture, the Department of Revenue, and the Department of Administration a review of the tax credit amounts for qualifying acres for the farmland preservation tax credit and recommendations for the tax credit levels for qualifying acres of farmland.
3. Under the farmland preservation tax credit, increases from $7.50 to $10.00 the amount that may be claimed, per qualifying acre, for qualifying acres that are located in a farmland preservation zoning district, but are not subject to a farmland preservation agreement.
4. Under the farmland preservation tax credit, increases from $5.00 to $10.00 the amount that may be claimed, per qualifying acre, for qualifying acres that are subject to a farmland preservation agreement, but not located in a farmland preservation zoning district.
5. Under the farmland preservation tax credit, increases from $10.00 to $12.50 the amount that may be claimed, per qualifying acre, for qualifying acres that are located in a farmland preservation zoning district and are subject to a farmland preservation agreement.
6. Adds a new category of farmland that qualifies for the farmland preservation tax credit. A credit of $10 per acre may be claimed for farmland that is located in a farmland preservation area, but only to the extent that the acres are covered by an agriculture conservation easement purchased under s. 93.73, Wis. Stats.
7. Indexes the tax credits under s. 71.613(2)(am), (bm), (cm) and (d) for inflation.

This bill will increase state costs. The increased tax credit rates will apply to those currently in the program and may be attractive to potential new participants. Additionally, the bill may encourage new agreements as a result of the shorter agreement length. This will require additional staff time to administer.

This bill will likely increase local government costs. If additional participants join the FPP as a result of the bill, county staff will have additional work to complete FPP agreements and verification of soil and water conservation standards. While this work will be shared throughout the state, areas eligible for farmland preservation zoning that were not participating previously are likely to see an increase in workload if they choose to certify their zoning ordinance.

Long-Range Fiscal Implications

Long-term, this bill will increase state costs as the tax credit will be indexed to inflation. In addition, if higher tax credits are available, more participants may join FPP, which will increase work in the county conservation departments. DATCP and the counties may require additional staff resources to absorb the workload related to increased participation resulting from increased tax credits.