

Fiscal Estimate Narratives

DOR 10/6/2023

LRB Number 23-4323/1	Introduction Number SB-0468	Estimate Type Original
Description eligibility for farmland preservation tax credits		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a person may claim an individual income or corporate income and franchise tax credit for the person's land engaged in an agricultural use, if the land is covered by a farmland preservation agreement or located in a farmland preservation zoning district, or both.

•If the farmland IS located in farmland preservation zoning district AND subject to a farmland preservation agreement, the credit is equal to \$10.00 per qualifying acre of farmland.

•If the farmland IS located in farmland preservation zoning district, BUT NOT subject to a farmland preservation agreement, the credit is equal to \$7.50 per qualifying acre of farmland.

•If the farmland IS NOT located in farmland preservation zoning district, but IS subject to a farmland preservation agreement, the credit is equal to \$5.00 per qualifying acre of farmland.

This bill disallows a person from claiming the farmland preservation tax credit for any part of the claimant's qualifying acres on which a photovoltaic solar energy system that is not an integral part of or incidental to an agricultural use.

According to a memo released by the Wisconsin Legislative Council (IM-2023-06), under current law, "land use restrictions within a farmland preservation agreement generally preclude the development of solar energy facilities." In contrast, farmland eligible for a credit because it is located in a farmland preservation zoning district may still retain its eligibility under current law if the acreage is still primarily devoted to agricultural use. This bill would reduce those credit claims by \$7.50 per affected acre, though DOR is not able to identify the number of acres of farmland affected by the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description eligibility for farmland preservation tax credits			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$	\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$	\$	
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$See Text	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By		Authorized Signature	
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		Date	
		10/6/2023	