



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #470

Land Valuation (DNR -- Stewardship Program)

[LFB 2011-13 Budget Summary: Page 307, #5]

CURRENT LAW

Under current law, for land that has been owned by the current owner (seller) for less than one year, the acquisition cost of the land for stewardship grant purposes is equal to the owner's acquisition price. For land owned for over one year, but less than three years, the acquisition cost is calculated as the owner's purchase price plus 5% if over one year but less than two, and plus 10% if the land has been owned by the current owner for two years but less than three years. Lands owned for three or more years are limited to the fair market value of the property (generally the appraised value) plus certain acquisition costs. Current law requires DNR to utilize at least two appraisals to determine the fair market value of land when awarding certain stewardship land acquisition grants to local units of government and nonprofit conservation organizations if the fair market value of the land is estimated by DNR to be over \$350,000.

GOVERNOR

Under the bill, the acquisition costs for land that has been owned for less than one year would equal the current owner's acquisition price or the current fair market value of the land, whichever is lower. For land owned by the current owner for over one year but less than three years, the acquisition cost would be calculated as the lower of the following: (a) the current fair market value or (b) the adjusted price (current owner's purchase price plus 5% if over one year but less than two, and plus 10% if over two years but less than three years). Land owned by the current owner for three or more years would remain limited to the fair market value of the property plus allowable transaction costs. In addition, the bill would clarify that two appraisals are required to determine the "current" fair market value of the land for all stewardship land acquisition grants to local units of government and nonprofit conservation organizations for land where DNR estimates the current value at over \$350,000.

MODIFICATION

Specify that for land that has been owned by the current owner for less than one year, the acquisition costs of the land equal the sum of the current fair market value "and other acquisition costs, as determined by rule by the department" or the current owner's acquisition price, whichever is lower. In addition, specify that for land that has been owned by the current owner for one year or more but for less than three years, specify that the acquisition costs of the land shall equal the lower of the following: the sum of the current fair market value of the land and "other acquisition costs, as determined by rule by the department" or the sum of the current owner's acquisition price and the annual adjustment increase.

Explanation: Under current law, stewardship grants for the acquisition of land owned for longer than three years, s. 23.0917(7)(a) specifies that, "the acquisition costs shall equal the sum of the land's current fair market value and other acquisition costs, as determined by rule by the department". The modification would make sections 23.0917(7)(b) and (c) consistent with section 23.0917(a), which would allow DNR to award these grants for 50% of allowable acquisition costs (including such costs as land surveys, title insurance, recording fees, and appraisals), as DNR currently does for stewardship grants for the acquisition of land owned by the current owner for more than three years.

Prepared by: Erin Probst