



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #159

### **Farmland Preservation Planning Grants (Agriculture, Trade and Consumer Protection – Environment)**

[LFB 2021-23 Budget Summary: Page 65, #8]

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#### **CURRENT LAW**

The Department of Agriculture, Trade and Consumer Protection (DATCP) provides grants to assist counties in updating their farmland preservation plans. Farmland preservation planning grants are budgeted at \$210,000 GPR each year of the 2019-21 biennium. Grants are provided on a reimbursement basis, and may cover up to 50% of the county's cost of preparing a farmland preservation plan. Grants may also be supported with an appropriation from working lands fund SEG, although this appropriation has never been authorized funding.

Farmland preservation plans are intended to establish a county's policy for farmland preservation and agricultural development. Plans map areas in each county to be preserved for agricultural use, and describe actions counties and municipalities intend to take to preserve identified areas. Plans are to identify the following: (a) economic or demographic trends that may affect farmland in the county; (b) current agricultural uses of land; (c) key agricultural resources and infrastructure; (d) goals for agricultural development; and (e) land use issues related to farmland preservation and development.

The working lands fund revenues are derived from: (a) conversion fees from early termination of farmland preservation agreements; (b) proceeds from the sale, modification, or termination of agricultural conservation easements; and (c) interest returns on its fund balance. The fund's historical income has consisted primarily of conversion fees, repealed in 2011, for lands rezoned from farmland preservation zoning districts in 2010. The base budget for the 2021-23 biennium budgets a total of \$12,000 each year from the working lands fund for DATCP administration costs. As of June 30, 2020, the fund balance totaled \$114,400.

## DISCUSSION POINTS

1. Farmland preservation plans form the basis for all other farmland preservation policy instruments. Farmland preservation zoning districts, farmland preservation agreements, and agricultural enterprise areas, which are the basis for eligibility to claim the farmland preservation tax credit, are all required to be located in areas designated by preservation plans for long-term agricultural use. In 2019-20, the farmland preservation tax credit paid total claims of \$17.1 million to agricultural owners of eligible lands who also are in compliance with state soil and water conservation standards.

2. Preservation plans are certified by DATCP and last for 10 years, but may be extended by up to two years at the discretion of the DATCP Secretary. Counties may apply for grant funding of up to \$30,000 per award to update their preservation plans, which include costs such as mapping, data collection, and citizen outreach. As many counties lack the technical expertise or staff to develop plans on their own, many often hire a consultant or regional planning commission to assist in plan development.

3. Farmland preservation planning grant funding was reduced from \$374,200 annually to \$210,000 annually beginning in 2017-18 to reflect lower demand from grants as most counties had completed updating their plans. Grant funding has been underutilized from 2017-18 through 2020-21, due to both low need from counties, as most had already updated their plans, and because funding was lapsed to the general fund as part of COVID-19 state operations reductions. From 2017-18 through 2020-21, the appropriation is expected to have lapsed \$646,200 GPR to the general fund, or 77% of its authorized funding.

4. In response to reduced need for farmland preservation planning grants, Assembly Bill 68/Senate Bill 111 would expand the authorization under the SEG appropriation to allow grants to support activities associated with implementing county farmland preservation plans. (In an errata item, the administration indicates it intended to also expand the GPR appropriation authorization.) DATCP suggests funding could support outreach to landowners about farmland preservation program offerings, monitoring for compliance with farmland preservation program requirements, county costs related to farmland preservation zoning certification and expanding of agricultural enterprise areas (AEAs), incentives to landowners to sign farmland preservation agreements, or economic development proposals in AEAs.

5. Under AB 68/SB 111, DATCP would have flexibility in determining eligible implementation activities, but would be restricted to providing grants to counties. The bipartisan 2021 Assembly Bill 54/Senate Bill 68 proposes to create a similar farmland preservation implementation grant program. However, implementation grants under AB 54/SB 68 would differ in three primary ways: (a) AB 54/SB 68 would require DATCP to prioritize allocation of funding for farmland preservation planning grants before providing implementation grants; (b) in addition to counties, it would allow cities, villages, towns, regional planning commissions, and tribal governments to receive implementation grants; and (c) it would specify eligible activities as the following: certifying farmland preservation zoning ordinances for the first time, entering into farmland preservation agreements, designating AEAs, facilitating agricultural development or preservation in an AEA, monitoring compliance with soil and water conservation standards, and conducting outreach for the farmland

preservation program. Thus, AB 54/SB 68 generally provides more specific criteria for allocation of grants and ensures farmland preservation implementation grants be provided only if all planning grant needs were addressed.

6. Under the original farmland preservation planning program created in 1977, counties were provided grants to create farmland preservation plans. By 1986, all counties except Menominee and Milwaukee had created plans. At the time funding was provided only for the creation of plans, and as a result, only seven counties revised their plans before changes made in 2009 that established plan expiration dates. As of 2020, all counties except Marinette, Price, Sawyer, Taylor, and Washburn have updated their plans, and Menominee and Milwaukee have not written plans.

7. Farmland preservation plans expire every 10 years. Given that most county plans were updated beginning with the first planning grant awards in 2009-10, a new wave of expirations begins in 2021. DATCP reports most counties begin updating their plans two years before their expiration, meaning counties with expirations through 2025 would be expected to consider applying for a grant during the 2021-23 biennium. The following counties have farmland preservation plans expiring during the next biennium: Dodge (2021), Dane (2022), Fond du Lac (2022), Green (2022), La Crosse (2022), Outagamie (2022), St. Croix (2022), Walworth (2022), Columbia (2023), Grant (2023), Juneau (2023), Kenosha (2023), Marathon (2023), Ozaukee (2023), Pierce (2023), Racine (2023), Sauk (2023), Shawano (2023), Sheboygan (2023), Washington (2023), and Waukesha (2023). Further, an additional 19 counties have expirations through 2025, for a total of 40 counties from 2021 through 2025. However, DATCP notes that due to prioritization of limited resources during the COVID-19 pandemic, it is expected some counties may pursue two-year extensions in the near term.

8. Given the significant proportion of counties with expirations anticipated in the next several years, it is unclear the extent to which farmland preservation planning grant funding would be available for implementation grants. It is possible revisions to county plans may be less time- and resource-intensive in the near term as plans are 10 years old, rather than approximately 30 years old, as was the case beginning in 2009-10. This could reduce overall need for planning grants. However, DATCP notes that to date, counties that have revised their plans during the current cycle have primarily pursued full rewrites, rather than smaller revisions, which has resulted in comparable costs to the 2010 through 2020 cycle.

9. Given the variability in need for farmland preservation planning grants throughout the 10-year planning cycle, the Committee could consider creating a farmland preservation implementation grant program, as proposed under AB 68/SB 111 to ensure full use of farmland planning funds [Alternative 1]. The Committee could also consider criteria proposed under AB 54/SB 68, which would: (a) prioritize allocation of funding to planning grants; (b) allow other municipalities, tribal governments, and regional planning commissions to apply for funding; and (c) specify only certain allowable activities under implementation grants [Alternative 2].

10. Given the anticipated increase in need for farmland preservation planning grants as the next cycle of expirations begins, the Committee could also take no action [Alternative 3]. DATCP could still allocate funding for planning grants, and any unused funds would lapse to the general fund.

## ALTERNATIVES

1. Expand the authorized use of the GPR and working lands fund SEG appropriations for farmland preservation planning grants under sections 20.115(7)(dm) and 20.115(7)(tm) of the statutes to include county activities associated with implementing county farmland preservation plans. Specify that grants be provided on a reimbursement basis and that DATCP detail eligible costs through a contract with the grant recipient.

2. Expand the authorized use of the GPR and working lands fund SEG appropriations for farmland preservation planning grants under sections 20.115(7)(dm) and 20.115(7)(tm) of the statutes to include provision of farmland preservation implementation grants to counties, cities, villages, towns, tribal governments, and regional planning commissions. Specify that implementation grants be provided on a reimbursement basis, and eligible activities consist of: (a) certifying farmland preservation zoning ordinances for the first time; (b) entering into farmland preservation agreements; (c) designating AEAs; (d) facilitating agricultural development or preservation in an AEA; (e) monitoring compliance with soil and water conservation standards; and (f) conducting outreach for the farmland preservation program. Finally, require DATCP to prioritize allocation of funding for farmland preservation planning grants before providing funding for implementation grants.

3. Take no action.

Prepared by: Rory Tikalsky