



Farmland Preservation Program

Old Ch. 91 (pre-July 2009)

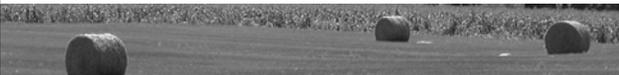
- In place since late 1970's
 - Required county planning for farmland preservation
 - Allowed for exclusive agricultural zoning
 - Enabled landowner agreements
 - Provided income tax credit for participants



The Working Lands Initiative

2009 Wis. Act 28 (budget act)

- Overhauls 30-year-old Farmland Preservation Law
- Still requires county planning and allows for farmland preservation zoning
- Enhances and simplifies income tax credits
- Authorizes purchase of ag conservation easements
- Authorizes ag enterprise areas

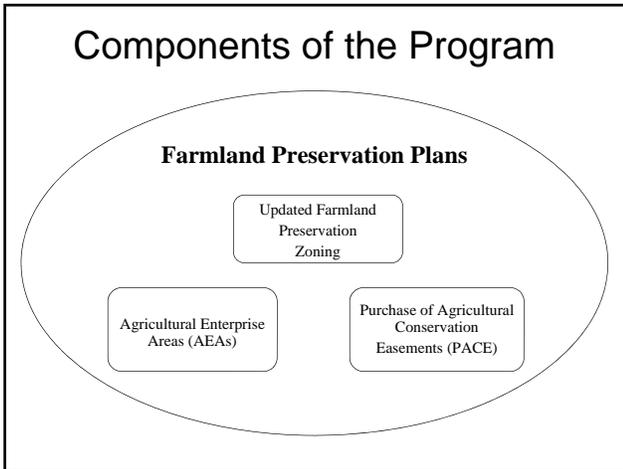


Working Lands Goals

- Farmland Preservation
 - Promote Sound Planning
 - Save Critical Farmland Resources
 - Minimize Land Use Conflicts
- Agricultural Economic Development
 - Encourage Agricultural Investment
 - Help Farms Stay Economically Viable



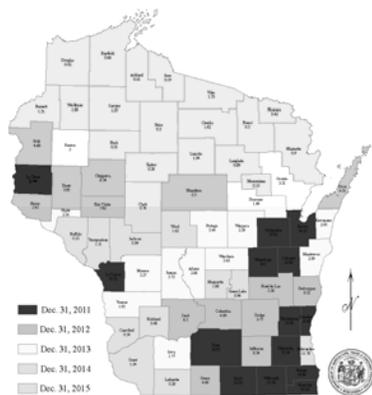
Components of the Program



Farmland Preservation Plans

- Required to ensure landowners can participate
- Plan identifies location of *farmland preservation areas*
- Statewide: Plan Updates By 2015
- Updates every 10 years

Plan Expiration Dates



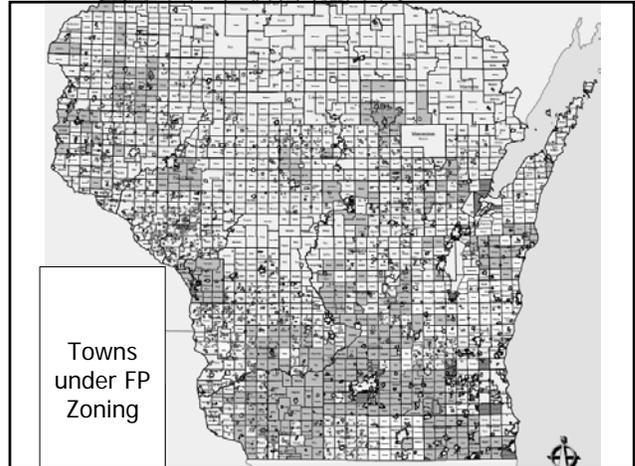
Land Conservation Role: FP Plans

- May be asked to lead or to assist with development of the plan
- Provide information for plan development (including identification of FP areas)
 - Existing ag and other natural resources
 - Land use
 - Related infrastructure
 - Related programs/activities

Farmland Preservation Zoning

(formerly Exclusive Agricultural Zoning)

- *Adopting an ordinance is voluntary* – it is a tool for implementing county plan
- County, town or municipality *may* adopt FP zoning
 - ~270 towns with county zoning
 - ~120 towns with town zoning
 - ~37 cities and villages with zoning



Ordinance Certification

- Ordinance must meet zoning standards and be certified by state
- Creates eligibility for tax credits
 - Credit is \$7.50/acre for land within a certified district (\$10/acre if also under an agreement)

Claiming the Tax Credit: Zoning

- Land must be in certified zoning district
- Entire farm must be in compliance with the current soil and water conservation standards (certificate of compliance)
- File for income tax credit with DOR (Schedule FC-A)

Zoning Standards

- WLI includes updated zoning standards
 - No minimum lot size (many existing ordinances have a 35 acre minimum)
 - Allows agriculture and ag-related uses, accessory uses; other uses as conditional uses



Non-farm residential development

- Two ways for this to occur under a farmland preservation zoning ordinance
 - Allow as a conditional use (some restrictions)

OR

- Require the area to be re-zoned and payment of the conversion fee



Conversion Fee

- Required when rezoning land from farmland preservation for another use
- Based on 3 X the WI Department of Revenue Use Value Guidelines for Agricultural Land Assessment

<http://www.revenue.wi.gov/report/a.html>



Example Conversion Fee

- For example, the Grade 1 Assessment Value in the Town of Eldorado (FDL Co.) is \$216/acre. Therefore:

$$\mathbf{\$216 \times 3 = \$648/ \text{acre}}$$

- Conversion Fees do not capture the full difference in land value

Land Conservation Role: FP Zoning

- Soil and Water Compliance
 - Issue certificates of compliance to landowners within certified districts
 - Conduct compliance checks every four years
 - Issue notices of non-compliance

Agricultural Enterprise Area (AEA) Program

- Designates contiguous areas with local commitment to agriculture
- Promote preservation of agricultural land
- Encourage opportunities for agricultural development and investment



State's Authority

- May designate up to 1 million acres statewide
- Designation through administrative rule (ATCP 53)



AEA Petitions

- 12 designated in 2010
 - 200,000 acres
- 2011 deadline – Feb
 - Goal of 250,000 acres



Benefits of Designation

- Highlights local commitment to agricultural preservation and development
- Build cooperative relationships between adjacent landowners
- Encourage investment in agricultural and related businesses
- May encourage local activities



Benefits to Designation

- Eligible landowners can enter into a *voluntary* Farmland Preservation Agreement (15 year contract)
 - Claim income tax credit
 - Credit is \$5.00/acre (\$10/acre if also under certified farmland preservation zoning)
 - Must meet soil and water standards
 - Provide reassurance about future
 - Must keep land in ag use

What Designation Does Not Do:

- Does not control land use
- Does not impose additional restrictions on land use



Land Conservation Role: AEAs

- May be asked to assist with petition development
 - Provide information, help with public meetings, mapping

Claiming Tax Credit: New Agreement

- Signed after July 1, 2009
- Land must be in designated AEA
- Entire farm must be in compliance with soil and water conservation standards in place at the time of the application for the agreement
- Credit is \$5/acre/year (\$10 if also under farmland preservation zoning)
 - Use Schedule FC-A
- Agreement ensure tax credit eligibility for the entire year – regardless of when signed

Terms for New Agreement

- Voluntary
- 15 years (may renew)
- Keep land in agricultural use
- Agreement runs with the land
- May cover all or part of the farm
- Agree to comply with standards in place at the time of the agreement

Applying for a New Agreement

- Submit a completed application form to the county clerk
- Get county approval
- County forwards to DATCP
- If the application is in order, department will enter into the agreement with the landowner

Claiming the Tax Credit: Old Agreement

- Time frame important: old (before July 1, 2009 or under 2009 WI Act 374)
- Statewide ~ 4,000 old agreements
- Must meet terms specified in the agreement document
- Credit amount calculated using old formula
 - Use Schedule FC
- Agreements that expire prior to July 1 each year cannot claim the credit for that year

Modifying an Old Agreement

- Landowners with an old agreement (pre-July 1, 2009) can modify agreement
 - Can calculate tax credit using “new” formula
 - Subject to new agreement terms
 - Does not extend expiration date
 - May only cover land covered under old agreement
 - Agreement ensures tax credit eligibility for the entire year – regardless of when signed

Land Conservation Role: FP Agreements

- May be asked to assist with agreement application or modification
- Soil and water conservation compliance
 - Issue certificates of compliance to landowners with agreements
 - Conduct compliance checks every four year
 - Issue notices of non-compliance; cancellation of non-compliance
- May be asked to provide county approval of agreement application

PACE Program Overview

- PACE is a new state program to support **local** purchases of **permanent** agricultural conservation easements from willing sellers.



PACE Program Overview

- Under the program, DATCP purchases and co-holds easements with a local cooperating entity:
 - Local unit of government
 - Non-profit conservation organization

PACE Program Overview

- DATCP will not work directly with landowners.
- Interested landowners need to work through their local government or a non-profit organization



PACE Program Overview

- DATCP may reimburse the cooperating entity for up to 50% of the appraised FMV of an easement and up to 80% of reasonable transaction costs.
- Cooperating entity must come up with remaining funds necessary to purchase the easement.

PACE Program Overview

Cooperating Entity's match can be:

- Federal Grants
- Local funds
- Private donations
- Bargain sale or donation by landowner

What does PACE mean for landowners?

- Goal is to keep land available for farming
- Easement allows ag-related buildings, commercial activities and development
- And, provides flexibility to accommodate changes in agriculture



2011 Eligibility Criteria

Property must be:

- Within County Farmland Preservation Area
- Consistent with local comprehensive plan
- At least 50 percent cropland, pasture, grassland

2011 Eligibility Criteria, cont.

- Qualified conservation plan in effect
- Gross Farm Revenue Minimum of \$6,000/year or \$18,000 over last three years
- Application must be submitted by a qualified cooperating entity
- All landowners must sign a statement indicating willingness to convey agricultural conservation easement

Land Conservation Role

- Counties, as a cooperating entity, may submit PACE applications on behalf of landowner
- LCD may be asked by a cooperating entity (municipality or non-profit organization) to provide a copy of a conservation plan for application purposes
- LCD may be asked to provide conservation compliance information for preliminarily approved projects
 - Could include a certificate of compliance, model farm inspection form, or other compliance documentation
- LCD may be asked other questions regarding farm operation during easement funding process

<http://workinglands.wi.gov>

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