WASHINGTON COUNTY
WISCONSIN

Farmland Preservation in Washington County and the Working Lands Initiative
Fact Sheet

Working Lands Initiative (WLI)

- Passed as a part of the state's 2009—2011 biennial budget process.
- WLI can be found primarily in Chapter 91 of Wisconsin State Statutes.
- State law components include:
  1. Expand and modernize the state's existing farmland preservation program
  2. Establish Agricultural Enterprise Areas (AEAs)
  3. Develop a purchase of agricultural conservation easement matching grant program (PACE)
- The goal of the Working Lands Initiative is to achieve preservation of areas significant for current and future agricultural uses through successful implementation of these components.

1. Expand Washington County Farmland Preservation Plan (FPP)

- Nearly all counties in the state have an existing county plan. According to Ch. 91 of Wisconsin State Statutes, certification of all existing county plans are scheduled to expire by December 31, 2015. **Washington County's existing FPP will expire on December 31, 2011.**
- Washington County has requested participation from local governments.
- Local governments can appoint an individual to the County Farmland Preservation Plan Technical Advisory Committee, which will update the County Farmland Preservation Plan and identify Farmland Preservation Areas throughout the County.

Farmland Preservation Areas (FPAs)

- An FPA is an area that is planned primarily for agriculture use or agriculture-related use.
- To be eligible for tax credits (through farmland preservation zoning or Agricultural Enterprise Areas) or to enter the PACE program, lands must first be located in a Farmland Preservation Area in a certified county farmland preservation plan.

Farmland Preservation Zoning

- A municipality (zoning authority) may voluntarily adopt a farmland preservation zoning ordinance.
- Farmers covered by the ordinance may claim state farmland preservation tax credits if the ordinance is certified for compliance with Chapter 91 of the Wisconsin State Statutes.
- Rezoning lands out of a farmland preservation zoning district would result in a "conversion fee" collected by the zoning authority and paid by the person requesting the rezone.

Farmland Preservation Tax Credits

- WLI provides landowners with an opportunity to claim farmland preservation tax credits through participation in the program. Farmland preservation tax credits claimed in 2009 will be paid according to the program rules in place prior to July 1, 2009.
- There is $27 million available statewide annually to provide farmland preservation tax credits to landowners.
- Eligible landowners may collect one of the following per acre amounts:
  - $5.00 for farmers with a farmland preservation agreement signed after July 1, 2009 and located in an agricultural enterprise area
  - $7.50 for farmers in an area zoned for farmland preservation
  - $10.00 for farmers in an area zoned for farmland preservation and in an agricultural enterprise area, with a farmland preservation agreement signed after July 1, 2009

(continued)

Tax Credit Eligibility

1. **<u>Acres claimed must be located in a farmland preservation area identified in a certified county farmland preservation plan.</u>** Eligible land includes agricultural land or permanent undeveloped natural resource areas or open space land that is:
   - in an area certified for farmland preservation zoning, and/or
   - located in a designated agricultural enterprise area and under a farmland preservation agreement.
2. Claimants must have $6,000 in gross farm revenue in the past year or $18,000 in the past three years. Income from rental receipts of farm acres does not count toward gross farm revenue. However, gross farm revenue produced by the renter on the landowner's farmland can be used to meet this eligibility requirement.
3. Property taxes on the land must be paid by the claimant.
4. Farmers claiming farmland preservation tax credits must certify on their tax form that they comply with state soil and water conservation standards. New claimants must also submit a certification of compliance with soil and water conservation standards that has been issued by the county land conservation committee.

2. Agricultural Enterprise Areas (AEAs)

- An AEA is a contiguous land area devoted primarily to agricultural use which is locally targeted for agricultural preservation and agricultural development within a FPA.
- Designation of AEAs is based on review of a petition <u>voluntarily</u> submitted by owners of at least 5 eligible farms and any affected local governments. Lands must be contiguous and primarily in agricultural use.
- Once the AEA is established, landowners sign a farmland preservation agreement (15-year term) if collection of tax credits is desired. Termination of a farmland preservation agreement prior to 15-year term would result in a conversion fee.

3. Purchase of Agricultural Conservation Easements (PACE)

- PACE program provides state funding for the purchase of agricultural conservation easements.
- PACE funded easements are intended to strengthen areas that have been planned and designated as local farmland preservation areas in a certified county farmland preservation plan.
- Prohibits development that would make the land unavailable or unsuitable for agricultural use.
- <u>Voluntary</u> and allows a landowner to be compensated for limiting development on his or her farmland.
- Easement is permanent and carried over to subsequent landowners if the property is sold.
- A local government or nonprofit organization submits a proposal for an easement and may be reimbursed for up to 50 percent of the easement cost by the PACE program. The state and local entities will then be co-holders of the easement.
- With an agricultural conservation easement on the property, a landowner will continue to:
  - Pay property tax on the land at the current required rate
  - Privately own and manage the land
  - Keep farming the land
  - Keep the title to the property
  - Be eligible for the farmland preservation income tax credit (if standards are met for tax credit eligibility)
  - Control public access

Conversion Fees

- Intended to discourage excessive rezoning of agricultural land and/or termination of farmland preservation agreements.
- A per acre conversion fee is calculated by multiplying the Grade 1 Ag Land Assessment value (~$298 in Washington County towns) by three. This equals approximately $894 per acre.
- Fee revenues are paid to a state farmland preservation trust fund and used to help fund state, county and local farmland preservation programs.

<u>For more information:</u>

Washington County
Planning & Parks Department
www.co.washington.wi.us/pln
(262) 335-4445

WI Department of Agriculture, Trade, and Consumer Protection
www.datcp.state.wi.us/workinglands/index.jsp