

WISCONSIN WORKING LANDS INITIATIVE

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

WORKING LANDS INITIATIVE WILL STIMULATE WISCONSIN'S ECONOMY

- ❖ Reposition and promote Wisconsin agriculture for competitiveness
- ❖ Promote significant investments in new and expanded agricultural enterprises
- ❖ Permanently stabilize areas for agricultural investment
- ❖ Increase agriculture's \$51 billion annual contribution to economy

EXPAND AND MODERNIZE THE STATE'S EXISTING FARMLAND PRESERVATION PROGRAM

- Modernize county farmland preservation plans to meet current challenges
- Provide planning grants to counties for farmland preservation planning
- Establish new standards to increase local flexibility and reduce land use conflicts
- Increase income tax credits for program participants
- Improve consistency between local plans and ordinances
- Simplify the certification process and streamline state oversight
- Ensure compliance with state soil and water conservation standards
- Assess a conversion fee when land under farmland preservation zoning is re-zoned for other uses

ESTABLISH AGRICULTURAL ENTERPRISE AREAS

- Encourage farmers and local governments to invest in agriculture
- Establish large areas of contiguous land primarily in agricultural use; reduce land use conflicts
- Increase income tax credits for program participants
- Ensure compliance with state soil and water conservation standards to claim income tax credit

For more information contact: (608) 224-4500 or DATCPWorkingLands@wisconsin.gov



DEVELOP A PURCHASE OF AGRICULTURAL CONSERVATION EASEMENT (PACE) MATCHING GRANT PROGRAM

- Support local initiatives to permanently protect farmland through voluntary purchase of development rights (or PACE) programs
- Provide up to \$12 million in state grant funds in the form of matching grants to local governments and non-profit conservation organizations to purchase, on a parcel-by-parcel basis, agricultural conservation easements from willing sellers
- Stretch state dollars by requiring grants to be matched by federal grants, local contributions an/or private donations
- Establish an advisory council to advise the state on pending grants and proposed easement purchases
- Consider the value of the proposed easement to serve a public purpose such as; preservation of agricultural productivity, conservation of agricultural resources, ability to protect or enhance waters of the state, and proximity to other protected land
- Ensure consistency of state-funded easement purchases with local plans and ordinances

FUNDING THE WORKING LANDS INITIATIVE

- Redirecting existing funds
- Creating a “Working Lands Trust Fund” with conversion fees assessed when land is rezoned out of a farmland preservation zoning district
 - Basic conversion fee is equal to 3 times the Class I cropland assessed value
 - Supplementary fees may be assessed by local governments and used for farmland preservation planning, zoning and conservation compliance work

Funding for Grants and Income Tax Credits

Farmland Preservation Tax Credit (GPR; ~\$12.7m/yr)

Farmland Tax Relief Credit (Lottery Fund; \$15.0m/yr)

	2009	2010	2011
Current Funding Level, Continued	\$27,700,000	\$27,700,000	\$27,700,000
County planning grants	-	-	420,000
Estimated Landowner Income Tax Credits <i>(under agreements and zoning)</i>	12,700,000	12,700,000	27,280,000
Farmland Tax Relief Credit (replaces with landowner tax credits)	15,000,000	15,000,000	-
Total	\$27,700,000	\$27,700,000	\$27,700,000
<i>Estimated Additional Cost</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

Funding for Purchase of Agricultural Conservation Easements

FY 2009-11 biennium - \$12 million in general obligation bonds (redirected)

FY 2011-13 biennium – Working lands fund (created)

WISCONSIN WORKING LANDS INITIATIVE

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Farmland Preservation Plans

FARMLAND PRESERVATION PLANNING.

Planning is essential for farmland preservation. Population growth and development needs are straining scarce land resources. Planning can preserve farmland and minimize land use conflicts.

BENEFITS OF WORKING LANDS INITIATIVE (WLI)

- Modernize farmland preservation plans to meet current challenges
- Provide planning grants to counties
- Provides flexibility for designating planning areas for farmland preservation
- Improve consistency between local plans
- Simplify the certification process and streamline state oversight

Why would my county participate in the farmland preservation program?

Counties are not required to participate, but participation will ensure that local farmers qualify for income tax credits. Planning is also essential to preserve valuable farmland, strengthen local economies, promote orderly development, protect the environment, minimize costly land use conflicts, facilitate investment decisions, and maintain a high quality of life.

How soon must our county update its farmland preservation plan?

Updates must be certified between 2011 and 2015. Counties with the most development pressure, as determined by the change in county population growth per square mile between 2000 and 2007, are required to complete updates first. The map on the back side provides expiration dates for county plan certifications, unless otherwise indicated in an existing plan certification.

What does our updated plan need to include?

- County goals for agricultural development and farmland preservation
- Overall development needs and trends with respect to farmland and agriculture
- Key agricultural resources, existing agricultural land uses, and agricultural infrastructure
- Identification and map of "*farmland preservation areas*" that the county plans to preserve for agriculture and related enterprises
- Actions that the county will take to preserve farmland and promote agricultural development
- Consistency with the county's comprehensive plan, if any

What grants are available to assist in updating our county's plan?

Planning grants will be available to reimburse up to 50% of a county's cost to update its farmland preservation plans. Actual grant amounts will vary.

Farmland Preservation Plans

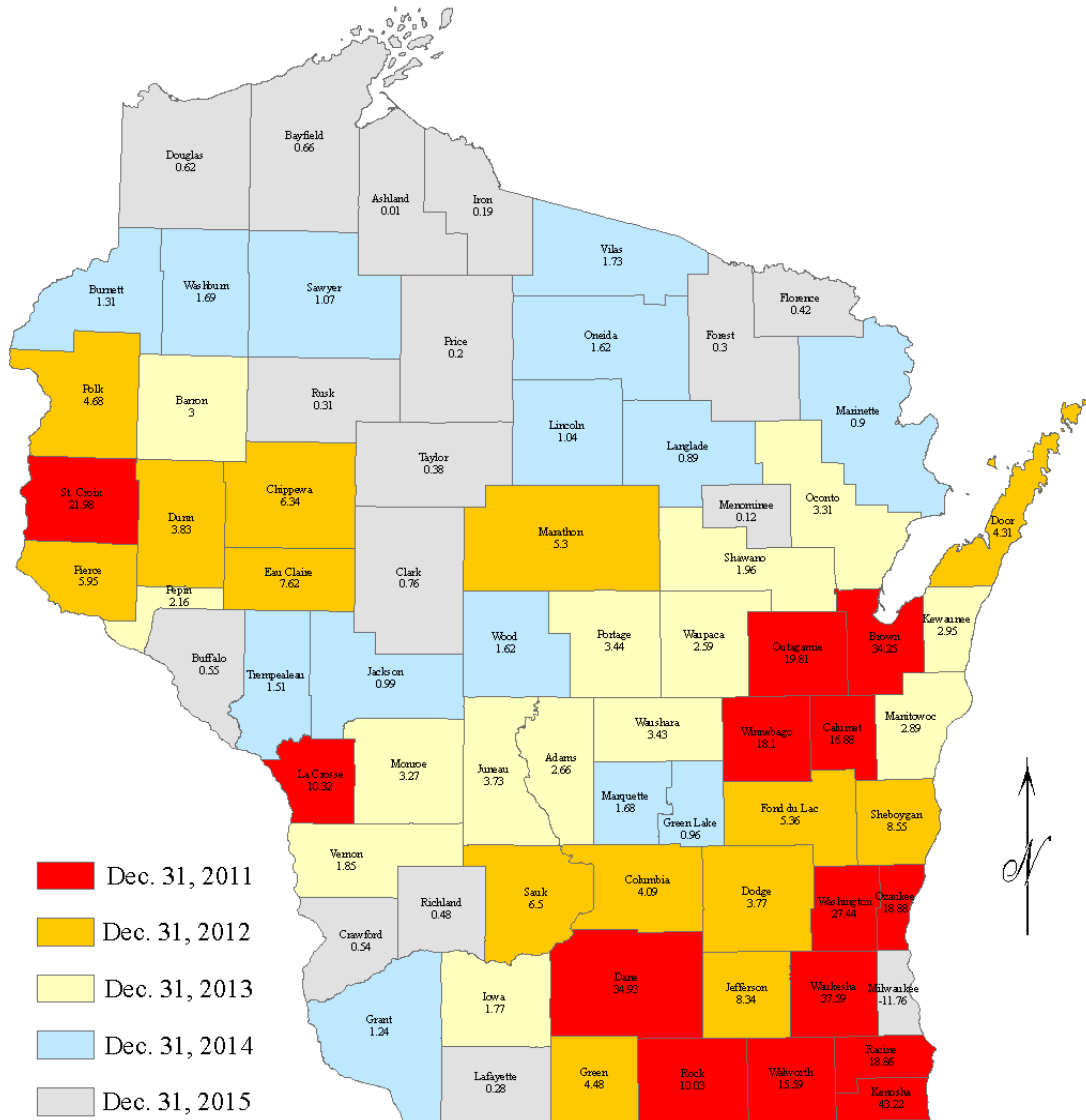
What does our county need to know about plan certification?

Plans that meet all requirements are certified for up to 10 years. Plans must be certified by the state, but certification can be based upon county self-certification. The state may review and independently verify the county's certification. Applications for certification must include:

- Proposed plan or plan amendment
- Summary of the plan, including key changes from a previously certified plan
- Summary of the process for plan development
- Relationship to comprehensive plan, if any
- Statement signed by the county corporation counsel and planning director or chief elected official indicating compliance with state law

Schedule for Expiration of Plan Certification

Based upon population density change 2000—2007 (per sq. mile)



For more information contact: (608) 224-4500 or DATCPWorkingLands@wisconsin.gov



WISCONSIN WORKING LANDS INITIATIVE

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Farmland Preservation Zoning

FARMLAND PRESERVATION ZONING.

Farmland preservation zoning standards under the WLI give county and local governments more flexibility, consistent with effective farmland protection.

Tax credits for land under Farmland Preservation zoning:

- \$10/acre if under zoning and located in an Agricultural Enterprise Area
- \$7.50/acre if the land is under zoning

BENEFITS OF WORKING LANDS INITIATIVE (WLI)

- Increase available income tax credits
- Establish new standards to increase local flexibility and reduce land use conflicts
- Improve consistency between local plans and ordinances
- Simplify the certification process and streamline state oversight
- Ensure compliance with state soil and water conservation standards

Must a county or local government have a farmland preservation zoning ordinance?

The new law does not change or limit the current authority of counties and local governments to adopt, amend, repeal and enforce zoning ordinances of their own choosing. A county or local government may voluntarily decide to adopt a new farmland preservation ordinance or update their existing ordinance. Only farmers covered by a certified farmland preservation zoning ordinance that meets WLI standards may claim the tax credit.

When must farmland preservation zoning ordinances be updated and re-certified?

Updates must be certified between December 31, 2012 and December 31, 2016 unless the current certification specifies a later date. Ordinance re-certification will be according to a schedule which follows the county Farmland Preservation Plan certification by one year. Counties with the most development pressure, as determined by the change in county population growth per square mile from 2000 through 2007, are required to complete updates first. Farmers covered by an ordinance that is not re-certified will not be eligible for the tax credit.

Is a certified ordinance all that is required for farmer tax credit eligibility?

In order to claim the tax credit, farmers must meet all of the following requirements:

- Farm located in farmland preservation zoning district designated in the certified ordinance
- "Gross farm revenues" must be at least \$6,000 during the relevant tax year (or at least \$18,000 during the last 3 years including the relevant tax year)
- Property taxes on the farm for the relevant tax year paid by claimant
- Farm must be in compliance with state soil and water conservation standards

When can I claim the income tax credit under the WLI and what acreage qualifies?

The new farmland preservation tax credit will first become available for the 2010 income tax year (tax paid in 2011). Under farmland preservation zoning, a farm owner may claim tax credits on their proportionate share of the acreage located in a certified farmland preservation zoning district.

Farmland Preservation Zoning

What does our updated ordinance need for re-certification?

The ordinance must be substantially consistent with the county's certified "farmland preservation plan." Land included in a farmland preservation zoning district must be part of a "farmland preservation area" identified in the county plan. The ordinance must designate and clearly map farmland preservation zoning districts in which land uses are limited according to WLI standards. The ordinance must also identify the land uses allowed in each farmland preservation district, including permitted and conditional uses.

What is the process for certification of updated or new zoning ordinances?

Ordinances that meet all requirements are certified for up to 10 years. Ordinances may be certified by the state based upon county self-certification, although the state may review and independently verify the county's certification. Self-certification must include that the ordinance is reasonably consistent with the county's certified farmland preservation plan and that the ordinance complies with other applicable requirements.

What land uses are allowed?

Local authority to determine allowed used is maintained, as long as those uses are allowable under the new WLI zoning ordinance standards. The new standards increase the flexibility of local governments. Key changes under the new law:

- Permitted use includes "agriculture-related uses"
- No minimum lot size requirement
- Some limited non-farm residential development allowed
 - Must be constructed as a residential "cluster" on contiguous parcels
 - Must meet a ratio of non-farm residential acres (house and lot) to farm acreage of no greater than 1:20
 - May not have greater than 4 dwelling units in non-farm residences (nor more than 5 dwelling units in residences of any kind)
 - May not convert prime farmland or impair agricultural use of other protected farmland

Can land in identified farmland preservation zoning districts be rezoned?

A local government may still rezone land out of a farmland preservation zoning district certified under a farmland preservation zoning ordinance. The local government must show that the rezoned land is better suited for another use, and that this use is reasonably consistent with the local comprehensive plan and the certified county farmland preservation plan. The rezoning may not impair or limit agricultural use of surrounding land zoned or legally restricted to agricultural use.

The landowner must pay a "basic" conversion fee for the rezoned acreage, equal to 3 times the Class I assessed cropland value, before the rezoning may take place. The zoning ordinance may impose a "supplementary fee" in addition to the basic conversion fee. Local governments must annually report the total acres rezoned during the preceding year, and forward the basic conversion fees collected, which shall be deposited to the Working Lands Trust Fund. The county or local government may keep any supplementary fees that it collects, and may use those fee revenues for farmland preservation planning, zoning and conservation compliance work.



WISCONSIN WORKING LANDS INITIATIVE

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Agricultural Enterprise Area

What is an Agricultural Enterprise Area?

An Agricultural Enterprise Area (AEA) is a contiguous land area devoted primarily to agricultural use and locally targeted for agricultural preservation and development. The designation of an AEA by the state is based on a voluntary local application.

Requirements for Establishing an AEA

- Voluntary participation of county and local governments
- Participation of at least 5 farm owners
- Located in a farmland preservation area
- Contiguous land area
- Primarily in agricultural use
- State approval

How is an AEA established?

The initial AEA program will be a pilot project. Owners of at least 5 eligible farms and any affected local governments may petition to establish an AEA. Preference will be given to AEAs with 1,000 acres or more.

What is the benefit of establishing an AEA?

Designation of an AEA can help preserve agricultural areas and promote agricultural development. In addition, farm owners in a designated AEA are eligible for a tax credit by entering into a voluntary farmland preservation agreement. See back side for information on farmland preservation agreements.

What happens if the department dissolves an AEA?

The proposed bill will grant the department the ability to modify or terminate an AEA by rule. All agreements in the AEA would remain in effect until expiration of the agreement. A landowner may also pay a land conversion fee to be released from the agreement. All owners of the land in the agreement must consent to end the agreement. Release with payment of a conversion fee may also be allowed for enrollment in state or federal projects such as the Wetland Reserve Program.

When would the state dissolve an AEA?

The state may choose to "dissolve" an AEA when no members have signed agreements, or too many members have been released from agreements in the AEA. The state or local government may also choose to dissolve an AEA if a nearby municipality experiences growth resulting in substantial economic development. Individual agreements remain in effect until expiration, even if the AEA is dissolved.

Farmland Preservation Agreements

What is a Farmland Preservation Agreement?

A Farmland Preservation Agreement (FPA) is a contract between the state of Wisconsin and a farmer under which a farmer agrees to keep land in agricultural production in exchange for an annual income tax credit. To enter into an agreement, the farmer must have farmland in a designated AEA and meet eligibility requirements.

Tax credits for land under agreements in an AEA:

- \$10/acre if zoned for farmland preservation
- \$5/acre if not zoned for farmland preservation

Eligibility Requirements for Agreements

- 15 year minimum
- \$6,000/year gross farm revenue or \$18,000 over three years gross revenue
- Land use agricultural, permanent undeveloped natural resource or open space
- Compliance with state soil and water conservation standards
- Property taxes paid by claimant

How do I enter into a Farmland Preservation Agreement?

Initially a group of landowners and the affected local governments must get state approval to establish an AEA. Landowners within the AEA who meet eligibility criteria can then apply for farmland preservation agreements, which remain in effect for 15 years. If there are multiple owners for one farm, all owners must consent to and sign the agreement. Local governments may administer a reasonable fee to process agreements. County governments may review applications for agreements and provide comments.

What if I already have a Farmland Preservation Agreement and want to participate in an AEA?

Current farmland preservation agreements will be honored until expiration. New agreements will not be signed unless the land is located in an AEA. An existing agreement may be amended so that a farmer may claim (higher) tax credits under WLI for the duration of the existing agreement.

When can I claim the income tax credit under the WLI and what acreage qualifies?

The new farmland preservation tax credit will first become available for the 2010 income tax year (tax paid in 2011). Under an agreement, a farm owner may claim tax credits on their proportionate share of all of the acreage comprising a farm if the land is primarily devoted to agricultural use.

How can I be released from a Farmland Preservation Agreement?

Release from an agreement may be allowed if all owners of the covered land consent, and the release will not impair or limit agricultural use of other protected farmland. The landowner must pay a conversion fee equal to 3 times the Class I assessed cropland value to release the agreement.

How does a release from a FPA by one landowner affect other landowners in an AEA?

Each person that owns property in the agreement must agree to the release. Notification must be made to the others in the AEA regarding release from the agreement, and subsequently from the AEA. If the AEA is modified, a public hearing will be held regarding removal of the property from the affected AEA.

For more information contact: (608) 224-4500 or DATCPWorkingLands@wisconsin.gov



WISCONSIN WORKING LANDS INITIATIVE

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Purchase of Agricultural Conservation Easement Grant Program

What is an Agricultural Conservation Easement? An agricultural conservation easement restricts nonagricultural development of land covered by the easement. Entering into an agricultural conservation easement is a voluntary way for a farm owner to be compensated for permanently limiting development on his or her farmland and protecting important resources. The covered land remains privately owned and managed.

Under an easement, a landowner

- Privately owns and manages the land
- Retains land for farming, while augmenting income
- Retains title to the property
- Can collect farmland preservation income tax credit
- Continues to be responsible for property tax

Who can apply to the state for a grant to purchase an Agricultural Conservation Easement? Grants through the state's PACE program are available to assist cooperating entities (local governments or nonprofit conservation organizations) with the cost of purchasing an Agricultural Conservation Easement.

What costs can be reimbursed by the state through the grant program? How does the reimbursement happen? The state may pay up to 50% of the fair market value of the easement (not 50% of the total land value, since the farmer still owns and operates the land), and all of the transaction costs. The cooperating entity must arrange for the rest of the easement purchase cost, but may get funding from other sources. Farmers may also donate part of the easement value. Easement donation may allow landowners favorable federal tax treatment.

Costs will be reimbursed after the easement document has been signed by the landowner, and accepted by the cooperating entity and the state. The easement document must be recorded with the county register of deeds. Upon submission of the certified copy of the easement document and proof of payment of associated costs, the state will provide reimbursement.

What is the term of an easement and how will these terms be enforced? The easement continues indefinitely, and runs with the land. An easement may only be vacated by a court if it is found that the easement no longer serves its intended purpose. The State of Wisconsin and the cooperating entity will be joint holders of the easement. Either entity may enforce or defend the terms of the easement.

How will easement opportunities be identified? The state must appoint an advisory council to advise on any easement purchase. This advisory council will be involved in easement identification and evaluation of any submitted easement proposal.

Purchase of Agricultural Conservation Easement Grant Program

Process to receive a grant under the state's new PACE program

1. Submission of an easement proposal during an annual solicitation period
2. Evaluation of easement proposals by state, with the assistance of an advisory council
3. Preliminary approval given to easement proposal
4. Submission of additional legal information related to the sale and appraisal
5. Easement purchase completed
6. Reimbursement provided to the cooperating entity

What information must be included in an easement proposal?

- Identity of the cooperating entity
- Description of the proposed easement land, including location, acreage and current use
- Name and address of each land owner
- Evidence of landowner willingness to convey the proposed easement
- Commitment to arrange the easement purchase and share in the purchase cost
- Purpose and rationale for the proposed easement
- Information needed to evaluate the easement proposal (see criteria below)

What criteria will the state use to evaluation easement proposals?

- Value for preserving agricultural production capacity and extent to which it will conserve important or unique agricultural resources
- Importance in protecting or enhancing waters of the state or other public assets
- Extent of consistency with county and local farmland preservation plans and zoning ordinances.
- Enhancement of an "agricultural enterprise area" designated under WLI
- Availability, practicality and effectiveness of other methods to preserve the land in question
- Proximity to other protected agricultural or conservation land and ability to enhance protection
- Cost-effectiveness of the easement
- Likelihood that, without the easement, the land will be converted from agricultural use
- Willingness of all the landowners to convey the easement

What additional steps are required following preliminary approval on an easement proposal?

- Copy of the proposed legal document that will be used to convey the easement.
- Appraisal (by a state-certified appraiser) of the fair market value of the proposed easement.
- Easement purchase cost.
- Estimate of the transaction costs to be incurred by the cooperating entity.
- A complete title search.
- Documentation showing, to DATCP's satisfaction, that any material title defects or conflicting property interests have been resolved.

For more information contact: (608) 224-4500 or DATCPWorkingLands@wisconsin.gov

