

WORKING LANDS CONNECTION

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Report on Farmland Preservation Program (FPP) Status Now Available

A report of the progress implementing the revamped Wisconsin Farmland Preservation Program under the Wisconsin Working Lands Initiative since 2009 is now available. Although a summary of the report can be read in this newsletter, the full report, which includes numerous detailed charts, tables and maps, is available by visiting http://datcp.wi.gov/Environment/Working_Lands_Initiative/index.aspx.

Farmland Trends

According to data from the National Resources Inventory (NRI) which is performed by the USDA Natural Resource Conservation Service, during the period of 1997 to 2007, Wisconsin lost farmland to development at an average rate of about 22,500 acres per year. In addition, according to the Census of Agriculture, the value of that land if diverted to a non-farm use continues to be higher than the value of the land if sold for continued agricultural use.

FPP Participation and Tax Credits

According to data provided by the Wisconsin Department of Revenue for tax year 2010, a total of 15,791 farmland preservation tax credit claims were reported by landowners in 1,200 towns, cities or villages located in 70 counties. The total acreage reported for these claims was 2,905,577 acres and the average acreage per claim was about 187 acres.

The total amount of credits claimed in 2010 totaled around \$18 million, with an average credit per claim of \$1,145. The data shows, however, that many landowners may not have used the proper Schedule to file their claim. In those cases, the landowner may have been eligible for a higher credit than they received.

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For more information on Wisconsin's Working Lands Initiative:

Website: <http://workinglands.wi.gov>

E-mail: DATCPWorkingLands@Wisconsin.gov

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Participation and Tax Credits

Overall, there was an increase in the total farmland preservation tax credits claimed, as well as the average credit per claim in 2010 from the previous year. This is the second year in which the credit total and average claim saw an increase from the previous year, which is a change from the decreasing trend that began in 1995.

Farmland Preservation Plans

All 72 counties must update their farmland preservation plans and have them certified by the department by the end of 2015 to maintain landowner eligibility for the program. The expiration dates of the county plans are staggered, with approximately 15 plans expiring each year. Counties can request an extension to give them more time to work on updating their plan. To date, a total of seven full county plan updates have been certified or are in the process of being certified. These include Dodge, Grant, Jefferson, Outagamie, Washington, Waukesha and Winnebago. Eight other counties have requested and received an extension.

Farmland Preservation Zoning

Under the law, local governments at the town or the county level maintain the authority to voluntarily adopt and have certified a farmland preservation zoning ordinance. These zoning ordinances enable eligible landowners to claim a farmland preservation tax credit. Currently, there are over 400 local governments with either county or town adopted farmland preservation zoning ordinances. All of these ordinances will have to be updated and certified under the new law to ensure landowner eligibility for the farmland preservation tax credit. To date, 25 separate farmland preservation zoning ordinance certifications under the new law have been completed.

Agricultural Enterprise Areas

As of January 1, 2012, 17 Agricultural Enterprise Areas (AEAs) totaling about 340,000 acres have been designated by the state. These areas are located in 14 counties and 29 towns. The designation is the result of a voluntary petition submitted by the community to the department and can help maintain agricultural land use and encourage investment in the agricultural economy. Once designated, eligible landowners within the AEA may enter into a farmland preservation agreement which enables them to claim a farmland preservation tax credit.

Farmland Preservation Agreements

With the designation of these AEAs, so far the department has received over 115 applications for new farmland preservation agreements. At the time of the report, only landowners in 12 of the 17 AEAs were able to apply for an agreement. These agreements cover about 28,000 acres or 14% of the 200,000 acres located within the first 12 designated AEAs. In addition to these new agreements, the department continues to administer about 3,700 active farmland preservation agreements that cover 526,463 acres. These agreements were entered into prior to the change in the law on July 1, 2009. Landowners with the old agreements have the option to modify the agreements to claim the per acre tax credit available to those with a new agreement. To date, nearly 50 landowners have elected to modify their existing agreement to come under the provisions of the new law.

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Conservation Compliance

The Farmland Preservation Program provides tax credits to participating farmers, and in return, requires claimants to meet state soil and water conservation standards. Each farm that claims the credit is required every four years to be inspected for compliance with these standards by the county conservation department. If found to be out of compliance the landowner is issued a notice of non-compliance and is ineligible to claim the tax credit until they are once again in compliance. Compliance inspections for all claimants is a large workload and the counties use a variety of approaches to conduct these inspections.

Program Costs, Issues and Recommendations

There are a variety of costs of the program including planning grants, the farmland preservation tax credit, and the cost of department staff. Some of the program issues identified over the biennium include the challenge of ensuring the proper tax form is used to claim the accurate level of credit, program acceptance, and the reduction of staff resources at the county level to assist with the implementation of the program.

The department recommends increasing the acreage allotment for the designation of Agricultural Enterprise Areas and the continuation of outreach efforts for the program, including workshops and newsletters, and working to build relationships at the local level.

Update: Purchase of Agricultural Conservation Easements (PACE)

The department is making progress towards the purchase of agricultural conservation easements on fifteen farms in Wisconsin. These farms were selected through a review completed by the department and the state's PACE Advisory Council in 2010. The state has been granted the authority to spend up to \$5.2 million to finalize the easement purchases, which can provide up to 50% of the total cost of the easement. Matching funds for the easement purchase can come from local funding sources, landowner donation of a portion of the easement value, or through the federal Farm and Ranch Land Protection Program at United States Department of Agriculture Natural Resources Conservation Service.

As of January 1, 2012, three of the fifteen projects were completed, with four anticipated for completion in February. The remaining eight projects will be completed throughout 2012. Overall, it is anticipated that approximately 5,600 acres will be permanently protected for future agricultural use as a result of the PACE program.



Tips on Claiming the Accurate Farmland Preservation Tax Credit in 2011

If you intend to claim the farmland preservation tax credit for 2011, be sure that you are using the appropriate form to ensure that you are claiming the income tax credits for which you are eligible. For the 2011 tax year, determining which form to use depends upon how you participate in the program.

Recent data collected by the Wisconsin Department of Revenue shows that some Wisconsin landowners are not claiming an accurate Farmland Preservation tax credit at an average rate of under-claiming of about \$3.00 per acre for a total of more than \$1.5 million.

- Farmers are eligible for Wisconsin income tax credits in exchange for keeping land in agricultural use and complying with state soil and water conservation requirements.
- The department recommends the following when preparing 2011 tax information:
- Verify that your land is located within a state certified farmland preservation zoning district or is covered by a farmland preservation agreement.
- If you are unsure if your land is under farmland preservation zoning or a farmland preservation agreement, contact your town or county zoning office for zoning questions and your county land conservation office regarding farmland preservation agreements. It may be helpful to have the parcel numbers that appear on your property tax bill.
- Farmers who own land located in an area under certified farmland preservation zoning should use the Schedule FC-A form. In addition, farmers who entered into a farmland preservation agreement on or after July 1, 2009, should also use the Schedule FC-A form.
- Farmers who have entered into a farmland preservation agreement prior to July 1, 2009 should continue to use the Schedule FC form.

Farmers can also contact Kris Modaff with the DATCP farmland preservation program, at 608-224-4633 or email kris.modaff@wisconsin.gov if they are unsure if they have an agreement or zoning.

Farmers who believe they may not have claimed the appropriate amount of tax credits for tax year 2010 have up to four years after the initial claim was due, to file an amended tax return. You will need to use the correct tax schedule when filing the amended return.



Requests for Information or Speakers

If you would like to request assistance from DATCP staff or a speaker to present information in your area, please contact Lisa Schultz at LisaJ.Schultz@Wisconsin.gov.

Petitions for 2012 Agricultural Enterprise Area Designations Accepted Until March 30, 2012

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) is requesting petitions to designate new or modify existing Agricultural Enterprise Areas (AEAs). Petitions must be postmarked by March 30, 2012. Petition materials can be obtained at: http://datcp.wi.gov/Environment/Working_Lands_Initiative/AEA/index.aspx. The department has the authority to designate up to 1 million acres statewide as AEAs. For the "2012 Petition Cycle," the department's goal is to designate up to 250,000 acres.

To receive guidance on the petition process, or for more information, contact Coreen Fallat at Coreen.Fallat@wisconsin.gov or (608) 224-4625.

Staff Announcements

Todd Boehne is the new DATCP Environmental Engineering Supervisor in the Madison office. His background includes degrees in Agriculture Engineering and Statistics and 20 years of experience including environmental compliance work at a Fortune 500 food processing company, large scale pork production, large scale egg laying operations, design and permitting of dairy operations and irrigation system design as part of A&E contracts with the NRCS. In addition to his recent work in Wisconsin, he has worked with agriculture and production facilities in 20 states. He is an avid supporter of agriculture of all shapes and sizes and looks forward to working with producers, counties, and organizations in conservation activities across the state. Thanks for joining the team, Todd!

Stacy Leitner became the new Contract Specialist for the Soil and Water Resource Management Grant Program at the end of October 2011. Her responsibilities include work with farmland preservation and CREP programs. Stacy has worked for DATCP for almost 15 years, during which time she has dedicated her talents to four years with the Agricultural Development and Diversification Grant Program and almost eleven years with the Wisconsin Agricultural Statistics Service. Stacy has a farming background and is familiar with rural living. Stacy has worked for several lending institutions including: Badgerland Financial, Rural Development, Community Business Bank, and First National Bank. Stacy believes in the importance of farming in the future by protecting our resources—land and water. Welcome, Stacy!

Kris Modaff became the new contract specialist for the farmland preservation and CREP programs in August of this year. Kris has worked for DATCP for 30 years, during which time she has dedicated her talents to many different programs including the Fertilizer Licensing and Groundwater Protection programs, providing division support, and most recently, as grants specialist for the Soil and Water Resource Management Grant Program. Kris has been involved in farming her entire life and working with agricultural programs that protect the land for continued farming is very important to her. Welcome, Kris!
