



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #660

### **Farmland Preservation Credit Reestimate (Shared Revenue and Tax Relief -- Property Tax Credits)**

[LFB 2019-21 Budget Summary: Page 386, #3]

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#### **CURRENT LAW**

The farmland preservation tax credit consists of two refundable income tax credits. The older tax credit, known as the pre-2010 credit, is provided to landowners with farmland preservation agreements entered into prior to 2009 Wisconsin Act 28. Pre-2010 credits are based on the claimant's income and property tax liability. The newer tax credit, known as the per-acre credit, is provided to landowners at \$10, \$7.50, or \$5 per acre, depending on whether the land is located in a farmland preservation zoning district (\$7.50), subject to a farmland preservation agreement (\$5), or both (\$10). Both farmland preservation zoning and farmland preservation agreements limit covered lands to agriculture-related uses, and eligibility for the credit requires compliance with state land and water conservation standards. Credits are paid from sum-sufficient appropriations of general purpose revenues (GPR). In the 2019-21 biennium, base funding for the pre-2010 credit is \$380,000, and base funding for the per-acre credit is \$17,800,000.

#### **GOVERNOR**

Delete \$30,000 GPR in 2019-20 and \$130,000 GPR in 2020-21 to reestimate the pre-2010 farmland preservation tax credit. Further, delete \$2,400,000 GPR each year to reestimate the per-acre farmland preservation tax credit.

#### **MODIFICATION**

Reestimate the pre-2010 credit by \$50,000 GPR each year. Further, reestimate the per-acre credit by \$1,800,000 GPR in 2019-20 and \$2,200,000 GPR in 2020-21.

**Explanation:** The modification would reestimate pre-2010 credits at \$400,000 in 2019-20 and \$300,000 in 2020-21 to reflect expected expirations of farmland preservation agreements eligible for the credit. Per-acre credits would be reestimated at \$17,200,000 in 2019-20 and

\$17,600,000 in 2020-21 to reflect currently estimated claims and anticipated program trends. The administration's estimate assumed no growth in program eligibility. Subsequent detail from the Department of Revenue and the Department of Agriculture, Trade and Consumer Protection suggest both the base and anticipated growth will be higher than reflected in the bill credit estimates.

	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	- \$860,000	\$4,100,000

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