



## Legislative Fiscal Bureau

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February 10, 1998

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 223: Documentation Needed to Claim a Farmland Preservation Tax Credit

Assembly Bill 223 was introduced on March 27, 1997, and referred to the Committee on Agriculture. On May 29, the Committee adopted Assembly Substitute Amendment 1 and recommended passage of AB 223, as amended, both by votes of 14-0. On September 24, the Assembly adopted ASA 1 and passed AB 223, as amended, on a voice vote. On November 14, the Senate Committee on Agriculture and Environmental Resources recommended concurrence in AB 223 by a vote of 5-0. On November 19, the bill was referred to the Joint Committee on Finance.

### BACKGROUND

Currently, a farmland preservation tax credit claimant must submit the following documents to the Department of Revenue (DOR) in support of the claim: (1) a copy of the property tax bill for the farmland; (2) certification that all property taxes owed on the property have been paid; (3) a copy of the farmland preservation agreement or a certificate from the appropriate zoning authority; and (4) certification that each county land conservation committee with jurisdiction over the farmland has been notified that a claim will be submitted.

A zoning certificate submitted in support of a claim must certify the following: (1) that the land is within the boundaries of an agricultural zoning district that is part of an exclusive agricultural use ordinance; (2) that the exclusive agricultural use ordinance has been approved, if necessary, by the town board; (3) that each structure or improvement on the land conforms to the requirements of the exclusive agricultural use ordinance; (4) the portion of the claimant's

farmland that is within the area zoned for exclusive agricultural use; and (5) that soil and water conservation standards have been established that apply to the land and that no notice of noncompliance with these standards is in effect.

**SUMMARY OF ENGROSSED BILL**

Engrossed Assembly Bill 223 would modify the requirement that a farmland preservation credit claimant must submit a zoning certificate with each year's claim. Instead, a claimant who has submitted a zoning certificate in a previous year would be allowed to certify that none of the conditions attested to in the previously-submitted certificate have changed. The claimant would not need to obtain and submit a new zoning certificate unless DOR notifies the claimant, in writing, that the Department needs a new certificate in order to process the claim.

**FISCAL EFFECT**

In the Department's fiscal estimate, DOR indicated that the bill would result in a slight increase in administrative costs, related to matching new claims with previously-filed certificates and increased communication with claimants. The Department also indicated that this change could result in a delay in identifying inappropriate claims, with a corresponding increase in staff time to seek repayment of any excess credits. DOR indicates that any additional administrative costs could be absorbed within the Department's existing budget.

DOR also estimated that there would be a \$63,000 annual reduction in local costs and a \$105,000 annual reduction in local revenues. Both of these changes would occur due to a reduction in the number of zoning certificates issued. The cost savings are due to a reduction in printing, postage and staff time, while the revenue reduction reflects a loss in fees charged for the certificates.

MO# Concurrence

Pr	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
	SCHULTZ	<input checked="" type="radio"/>	N	A
	ROSENZWEIG	<input checked="" type="radio"/>	N	A
	GARD	<input checked="" type="radio"/>	N	A
	OURADA	<input checked="" type="radio"/>	N	A
	HARSDORF	<input checked="" type="radio"/>	N	A
2	ALBERS	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	LINTON	<input checked="" type="radio"/>	N	A
	COGGS	<input checked="" type="radio"/>	N	A