

Fiscal Estimate Narratives

DATCP 12/19/2013

LRB Number	13-3602/1	Introduction Number	AB-0574	Estimate Type	Original
Description Designation of agricultural enterprise areas					

Assumptions Used in Arriving at Fiscal Estimate

Adoption of the proposed bill will not have a direct fiscal impact on the Department of Agriculture, Trade and Consumer Protection. However, increasing the number of acres of allowed designated Agricultural Enterprise Areas (AEA) may increase the GPR farmland preservation program (FPP) income tax credits paid through the Department of Revenue. The farmland preservation income tax credits are funded from a sum sufficient GPR appropriation under s. 20.835(2)(do), Stats.

Currently, approximately 80,000 acres (or 16%) of the 500,000 acres of AEAs designated in the period 2010 through 2012 have been enrolled in voluntary farmland preservation agreements. The land under farmland preservation agreements may result in FPP income tax credits of \$5 per acre per year, or if the land is both under an agreement and within a certified farmland preservation zoning district, a tax credit of \$10 per acre per year. The total tax credits associated with farmland preservation agreements at the current rate of enrollment results in an estimated \$680,000 in FPP tax credits.

Long-Range Fiscal Implications

Adoption of the proposed bill to increase the authority to designate additional acres as AEAs may result in a total increase of land under voluntary FPP agreements which will result in increased FPP income tax credits. That could result in an additional \$1.5 million to \$2.0 million in GPR income tax credits in five to six years. This cost would be offset somewhat because there are about 100,000 acres of FPP agreements (730 agreements) expiring in the next four years.