Fiscal Estimate - 2013 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **13-3166/1**	Introduction Number **SB-437**

Description
Designation of agricultural enterprise areas

Fiscal Effect

State:
- ☐ No State Fiscal Effect
- ☒ Indeterminate
  - ☒ Increase Existing Appropriations
  - ☐ Decrease Existing Appropriations
  - ☐ Create New Appropriations
  - ☐ Increase Existing Revenues
  - ☐ Decrease Existing Revenues
  - ☐ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☐ No
  - ☐ Decrease Costs

Local:
- ☐ No Local Government Costs
- ☐ Indeterminate
  1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
  2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
  3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
  4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
  5. Types of Local Government Units Affected
     ☐ Towns ☐ Village ☐ Cities ☐ Counties ☐ Others ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations
20.835(2)(do)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DATCP 12/19/2013

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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.