

ADMINISTRATIVE REPORT

A HISTORY OF PRESERVING FARMLAND

IN MARATHON COUNTY

1978-2010

April 2011

Marathon County

Land Conservation & Zoning Committee

Land Conservation & Zoning Committee

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Introduction

Marathon County has a strong attachment to the working land. Today, approximately 10% of our rural population is directly engaged in farming. The region's cultural identity with farming is expressed in our celebrations and values. Dairy, the center piece of the County's agricultural economy in Marathon County is impressive with over 60,000 milking cows each adding \$13,737 to our economy. Agriculture's vitality is founded upon the sustainability of commodity prices, soil and water resources, and land use. Nearly 286,103 acres of cropland are actively managed by landowners in Marathon County (WINTransect Survey Data, Agricultural Census 2007).

The value of farming to our communities extends beyond simple economic contributions and multipliers. Protecting soil and water resources, providing green space and rural character, and future energy production are important contributions from the agricultural land use. The adoption of the Farmland Preservation Program in 1977 initiated Wisconsin's first statewide attempt to address agricultural preservation. In 1982, Marathon County developed and approved its current Farmland Preservation Plan (FPP) Plan. The goals of the FPP include: 1. *Land Use*. Minimize the conversion of farmland to other uses and residential/farming conflicts. 2. *Food Security*. Assure production capacity of Wisconsin and the United States. 3. *Economic Impacts*. Assure the value and sustainability of agriculture to the area's economy is maintained and enhanced. 4. *Soil and Water Conservation*. Establish Soil and Water Conservation Standards and provide technical support to farmers to protect the environmental resources. 5. *Population Density*. Provide towns the tools to control population density and control residential and farming conflicts.

Over the past 30 years, the realities of farming have changed and the effectiveness of the Farmland Preservation Program has been scrutinized. Specifically, the Working Lands Initiative identified the following points: 1. Farm population in rural Marathon County has

dropped from 37% to 10% (Source 2000 Census). 2. Statewide number of participants enrolled in FPP peaked in 1991 at 25,000 with 6.4 million acres receiving nearly \$30 million of tax credit. By 2006, 19,100 farmers participated in the program with 3.5 million acres and receive collectively \$12.5 million of tax credit. (Source DATCP and DOR). 3. Participation has not been focused in urban transition areas where the greatest conversion pressure exists. (Map 1 indicates the geographic distribution of FPP participants in Marathon County). 4. Program achieved its greatest value in communities implementing Exclusive Agricultural Zoning (2006 WCA survey). 5. Economic incentive to preserve farmland limited due to “use value assessment” taxation and dramatic increase in land values.

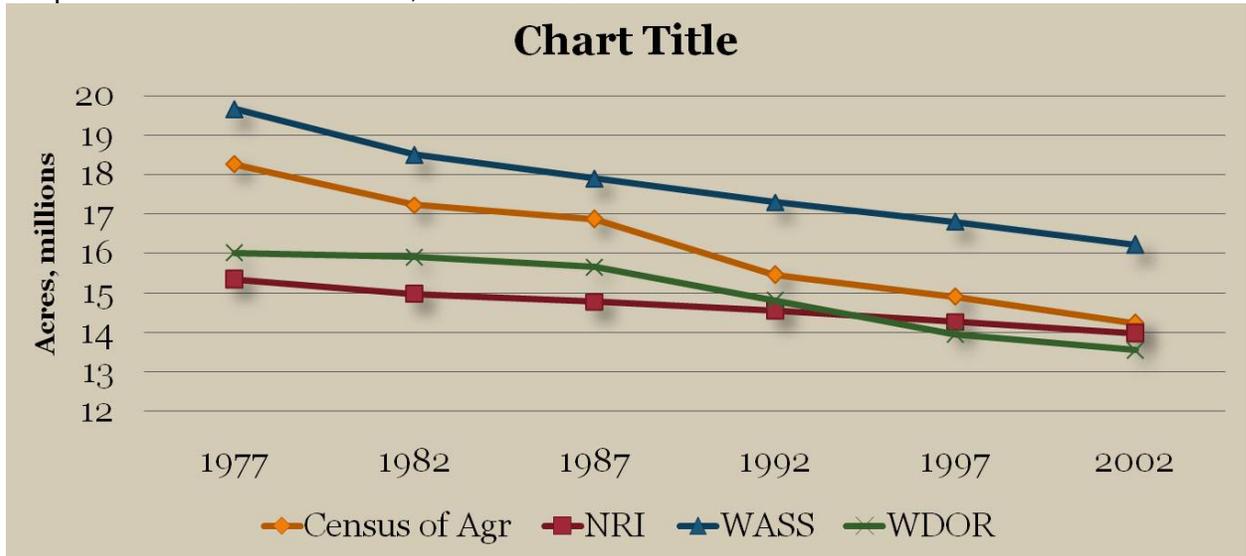
As Marathon County and its community partners look to implement local Comprehensive Plans and to develop policies to guide efforts to preserve farm and wood land, the current program's status needs to be assessed. The following summary points provide a basis of evaluation for the FPP.

1. *Program Outcomes and Indicators.* No goals or indicators were established for the FPP. The initial incentive in the early years of the FPP was to lessen property tax burden. For example, the property tax in 1982 represented 22% of the net farm earnings. In 1984 and 1989, the property tax represented 44% and 16%, respectively of net income. In 1995, the property tax returned to 38% of the net farm income. After adoption and full implementation of use value assessment in the late 1990's, the evaluation of property tax relief as a program indicator gave way to evaluations that focus on land value trends.
2. *Decline of Tax Credits.* In the late 1980's the program tax credits exceeded \$35 million dollars. At that time, the legislature initiated a credit limit through law by including off farm income in the calculation of income for calculation of FPP credits.
3. *Expanding Scope of Conservation Compliance.* With the initial adoption of the FPP, the conservation compliance requirements were minimal. Participants were required to

manage cropland according to a conservation plan at acceptable soil erosion rates. The role of the land conservation staff was to assure erosion standards compliance through monitoring of crop rotations. With the adoption of State Agricultural Performance Standards and Prohibitions in 2002, the conservation compliance requirements for FPP participants greatly increased. Subsequently, the land conservation staff's obligation to monitor and track conservation compliance increased by a factor of five. The impact of increased conservation compliance expenditures by both program participant and County has not been evaluated relative to program goals and benefits.

4. *Program Accountability.* The Department of Agriculture, Trade and Consumer Protection (DATCP) has only limited participation and performance data for FPP. The state has tracked number of participants, tax credits, average credit, and participation rate. Table 2 indicates the historical trend of agreements and acres for the State and Marathon County.
5. *Education & Information Outreach.* No education effort to landowners, local officials or tax consultants has been implemented in the County since the late 1980's.
6. *Land Conversion Trends.* The Wisconsin Agricultural Statistics Service (WIAA) has tracked the conversion of agricultural acres to other uses for many years. However, the definition of agricultural land has changed many times. Data of land conversion exists since 1966. Graph 1 indicates the agricultural land conversion trends from 1977 2002.

Graph 1: Wisconsin Farm Land, 1977 to 2002.



7. *Impact of Use Value Assessment to Program.* The use value assessment of agricultural land was changed in 1995. In 1993, the Department of Revenue stated that the percent of value of agricultural land in the Wausau area was 52%. Over the period of 1996-2002, property taxes on agricultural lands Statewide were reduced by a total of \$767 million relative to a market-based valuation. Of this amount, \$123 million, or about 16% were shifted to agricultural improvements and \$644 million, or 84%, were shifted from agricultural land to nonagricultural taxable property. The \$644 million tax shift to non agricultural property represents 1.6% of the total property taxes collected in the period (Paine & Kopecky, 2002).

In summary, the FPP has been a program lacking specific goals and performance measurements. During the mid 1980's the program saw the greatest level of participation with maximum tax credit benefits realized in the mid 1990's. In 1996, use value assessment (versus market value) was introduced with full implementation by 2000. The impact of the program was significant, but a link between these taxing strategies and participation in FPP has not been

made. The program has not operated with clear land use goals, performance measurements, or promotional efforts.

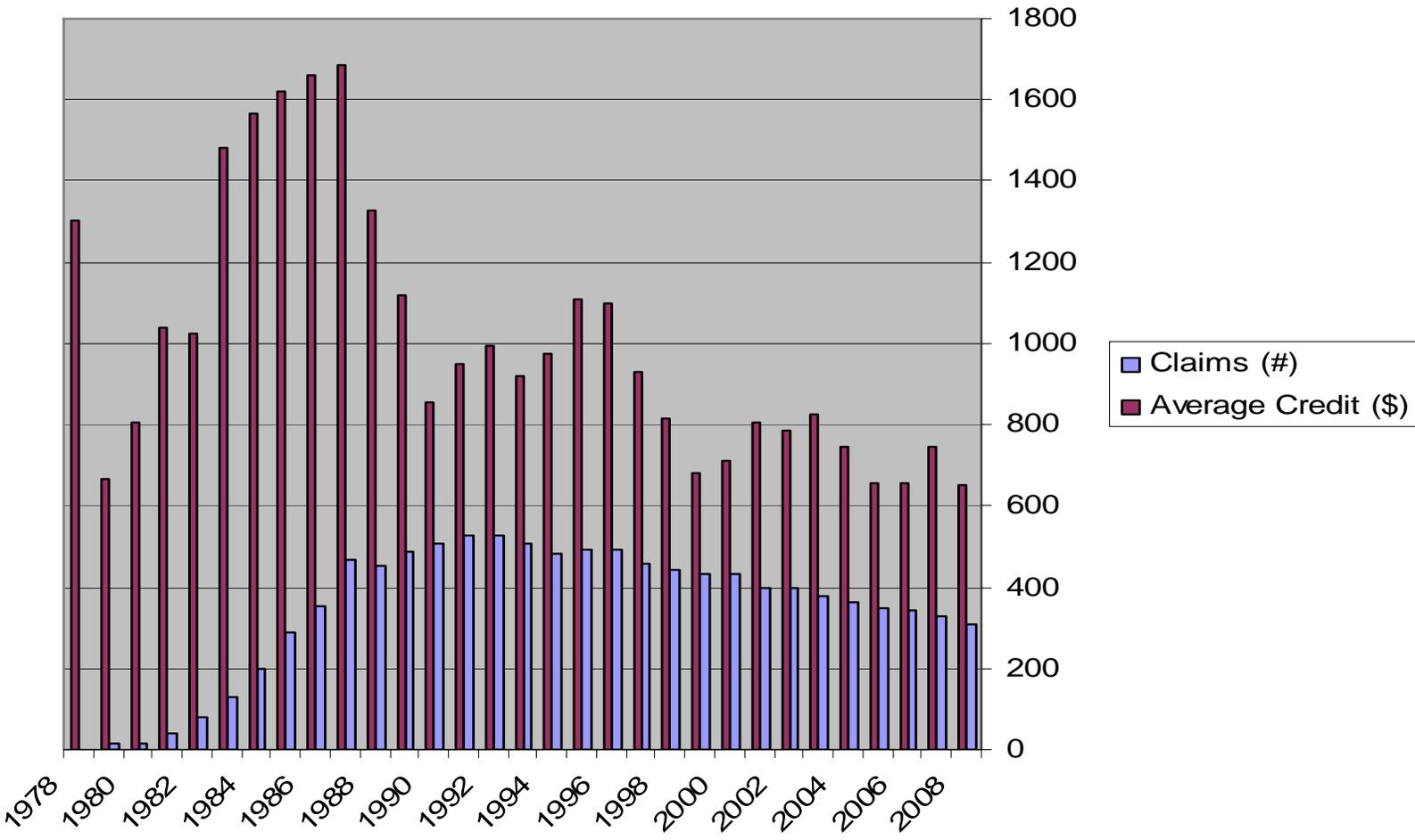
Table 1. Farmland Preservation Agreements Historical Data

Year	Wisconsin # of FPP Agreements	Wisconsin Acres in FPP Agreements	Marathon Co. # of FPP Agreements	Marathon Co. Acres in FPP Agreements
2009			223	25,753.156
2008	5,339	722,214	318	32,561
2007	5,770	774,920	341	36,238
2006	6,613	907,221	389	41,077
2005	7,057	993,583	369	42,367
2004	7,336	1,049,237	377	43,713
2003	7,452	1,136,400	383	47,369
2002	7,404	1,129,319	377	47,084
2001	7,423	1,148,533	380	48,892
2000	7,296	1,168,851	368	49,871
1999	6999	1,182,075	353	50,705
1996	7,462	1,319,138	370	56,372
1993	8,216	1,554,511	398	66,455
1990	7,121	1,505,730	337	62,854
1988	6,347	1,384,959	305	58,494
1982	1,518	147,312	*	*

*The department's database does not show any effective FPP agreements in Marathon County on January 1, 1982

Source: Wisconsin Department of Agriculture, Trade and Consumer Protection (January 2009)

FPP Claims & Amounts



Bibliography

Wisconsin Agricultural Statistical Services (2007).

2000 Agriculture Census

Department of Revenue Report

Department of Agriculture, Trade and Consumer Protection Annual Reports

2006 Wisconsin Counties Association Survey

Paine and Kopechy (2002).

Appendix A

Farmland Preservation Program

Chronology Highlights

Farmland Preservation Program Chronology Highlights

Updated as of April 2011

1977

- 'WI Farmland Preservation Act' creates FPP(1)
 - As part of WI Act 29
 - Ch. 91 re-written as FPP; previously "Soil and Water Conservation", now Ch. 92 (1)
 - Becomes law 6/29/77 when Act 29 (Budget Act) signed
 - (Ch. 91 under "Highways and Bridges, Drains and Fences" in state stats.) (1)
 - Tax credit enacted by Act 28 as Ch. 71.09(11) (1, 2)

- Agricultural Lands Preservation Board created (3)
 - "to direct the Farmland Preservation Program" (3)

- "Initial FPP Agreement" signup begins 12/1/77 (6)
 - For land not under a Certified Ag. Preservation Plan, or under EAZ (6)
 - Initial Agreements expire on 9/30/82 (6)
 - Unless eligible for renewal for a single one-year period (6)
 - Initial Agreements can be 'converted' to 'FP Agreement' if Ag. Plan adopted or EAZ adopted (6)
 - Initial Agreements require that a SWCD conservation plan be either under development or in effect (6)

- "Farmland Preservation Agreement" signup begins 12/1/77 (6)
 - For land under a Certified Ag. Preservation Plan, or under EAZ (6)
 - Agreements 10-25 years (6)
 - Farming operations shall be conducted in substantial accordance with an approved SWCD conservation plan (6)

- Tax credit as per s. Ch. 71.09(11) (1)
 - 50% credit level for agreements, 70% for all types of Ex. Ag. Zoning
 - 10% of property tax 'minimum credit' only allowed in Ex. Ag. Zoning

- (Note: No administrative rule requirement)

1978

- First year of tax credits; on 1977 income taxes (2)

- First "Application for Initial Farmland Preservation Agreement" received by Marathon Co. Clerk 1/10/78 (4)

1980

- Marathon County Exclusive Ag. Zoning Ordinance
 - Adopted by Co. Board
 - Certified by State Land Conservation Board (ALPB?) 7/09/80 (11)

- Town of Brighton approves County EAZ Ordinance 9/30/80 (11)
- Town of Mosinee approves local EAZ Ordinance 4/9/80 (11)

1981

- Land Conservation Committees/Land Conservation Staff (LCD's) created (14)
- Farming operations shall be conducted in substantial accordance with a soil and water conservation plan approved by the Land conservation committee of the county board. (12)

1982

- Land Conservation Board formed (3)
 - Combined Agricultural Lands Preservation Board and Board of Soil and Water Conservation Districts (3)
- Initial FPP Agreement signup ends 9/30/82 (1, 6)
- Initial FPP Agreements expire 9/30/82 (1, 6)
- Certified Ag. Preservation Plan required for continuation of FPP Agreements (long-term agreements)
 - Plan adopted by Co. Board 7/24/82
 - Plan certified by Agricultural Lands Preservation Board 9/30/82 (Deadline date) (10)
 - Plan increases credit from 50% to 70% level for agreements, and 70% to 100% level for County EAZ (10)
- Town of Stettin approves local EAZ Ordinance 12/15/82

1983

- -Town of Hull Approves County EAZ Ordinance 8/23/83

1984

- Town of Eau Pleine approves County EAZ Ordinance 7/24/84

1985

- (Ch. 91 & 92 moved to "Agriculture, Foods and Drugs, Markets" in state stats.)
- Credit increased from 70% to 90% level for Town Ex. Ag. Zoning (1)

1986

- Farming operations now required to be conducted according to standards est. under s.92.104 or 92.105 (7)
 - 92.105 requires LCC to establish Soil and Water Conservation Stnds.
 - "in substantial accordance with a soil and water conservation plan prepared under s. 92.104.) (7)
 - Applies to any agreement applied for prior to 7/1/86. (7)
 - "in compliance with reasonable soil and water conservation standards established under s. 92.105." (7)

- Applies to any agreement applied for on or after 7/1/86, and Ex. Ag. Zoning. (7)
 - Co. Soil and Water Conservation Stnds. adopted by Co. Board
 - Co. Soil and Water Conservation Stnds. approved by State Land Conservation Board 6/11/86 (11)
 - Monitoring (status reviews) established (8, 9)
 - Notice of Noncompliance established (8, 9)
 - Annual Certification established, per Co. Soil and Water Conservation Stnds.
- Town of Marathon approves County EAZ Ordinance 7/22/86
 - Town of McMillan approves County EAZ Ordinance 12/23/86
- 1987**
- Tax credit now as per s. Ch. 71 subchapter IX (1)
 - 10% of property tax 'minimum credit' extended to Agreements (1)
- 1990**
- Town of Day approves County EAZ Ordinance 10/16/90 (11)
- 1991**
- 10-year agreement relinquishment/buyout provision enacted -1991 Budget Bill (Act 39)
 - s. 91.07 created directing promulgation of administration rules by DATCP & LCB (Act 286)
- 1993**
- Zoning Certificates now require LCC signature (11)
 - s. 91.19 (13) removes lien requirement for not renewing agreement perpetually (Act 16?). (1)
 - Credit increased from 70% to 80% level for agreements and 95% to 100% level for Town EAZ (1)
- 1994**
- 6 public hearings conducted on draft Admin. Rules, ATCP 51, Dec. 1994 (10/31/94 DATCP Memo)
 - DATCP discontinues agreement extension option 12/31/04 (10/31/04 DATCP Memo)
 - Reduces application types to one instead of two
 - All participants (new/renewal) now subject to current provision of program
- 1998**
- Use Value Assessment begins 1/1/98 (13)
- 1999**
- Governor proposes changes to FPP ('99-'01 biennial budget handout)

- Program Sunset 12/31/02
- Change credit formula
- PS&P's required
- No new Agreements

2000

- Requirement for issuing annual Zoning Certificate replaced by 'Notice of Intent to Claim' on Schedule FC starting w/tax yr. 1999 (s. 71.59(1)(b)4)
- Use Value Assessment fully implemented (accelerated implementation) 1/1/00 (13)

2005

- County Soil and Water Conservation Stnds. updated (required) (5)
 - Co Board approved 8/23/05
 - Performance Standards & Prohibitions, and gully erosion included

2009

- Act 28 (Biennial Budget) removes DATCP's new agreement authority unless in AEA, effective 7/1/09
- Ch. 91 Rewritten
 - Co. Soil and Water Conservation Standards Not Applicable
 - Now DATCP Stnds. apply; ATCP 50
 - WLI enacted
 - Must update Ag. Preservation Plan for continued FPP tax credits
 - Etc.

2011

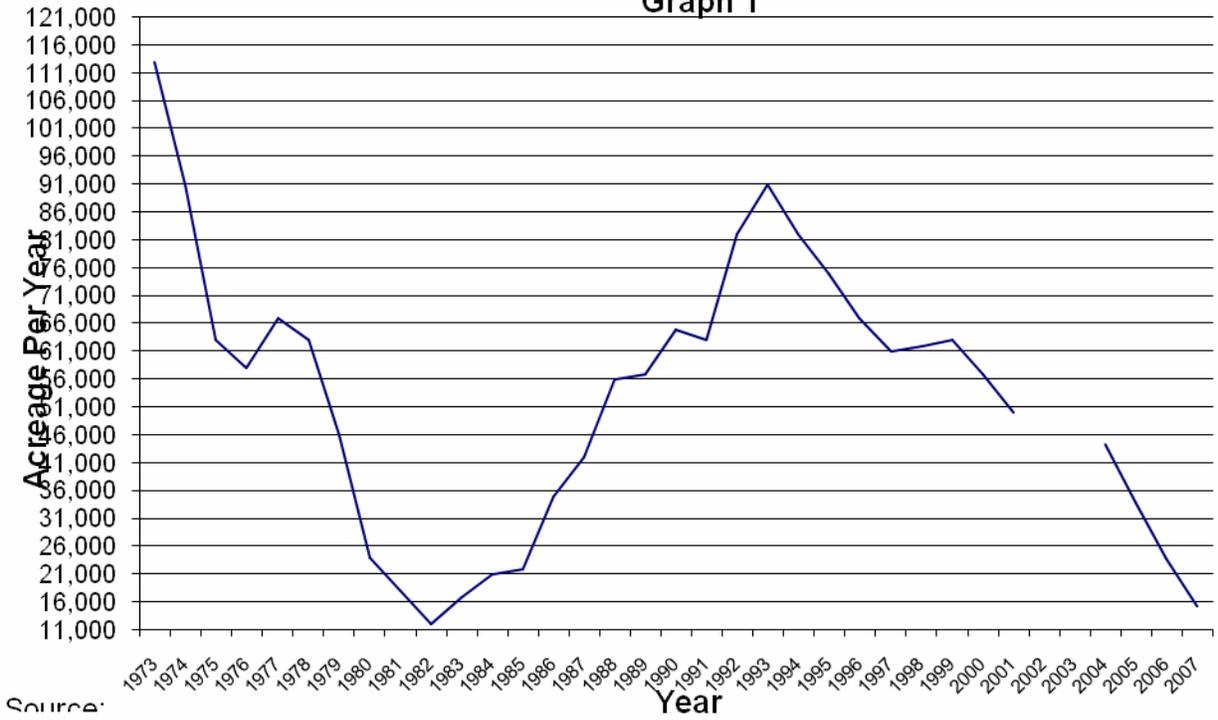
- Proposed State budget calls for discontinuation of PACE program and conversion fees.
- Marathon County Initaites planning for update of Ag Preservation Plan

Sources Cited

- (1) Per State Statutes Review
- (2) Wisconsin Tax Bulletin, January 1978
- (3) History of State Conservation Boards in Wisconsin
- (4) CPZ Records
- (5) Kirk's Knowledge
- (6) Ch. 91, '77-'78
- (7) Ch. 91, '85-'86
- (8) Co. Soil & Water Cons. Stnds.
- (9) s. 92.104/105
- (10) Marathon County Farmland Preservation Plan
- (11) Zoning Certificates
- (12) Ch. 91, '81-'82
- (13) Farmland Use-Value Assessment
- (14) Ch. 92, '81-'82

WI Farmland Acreage Lost to Other Uses 1973-2007

Graph 1



Source: