

WISCONSIN WORKING LANDS INITIATIVE

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Agricultural Enterprise Area

What is an Agricultural Enterprise Area?

An Agricultural Enterprise Area (AEA) is a contiguous land area devoted primarily to agricultural use and locally targeted for agricultural preservation and development. The designation of an AEA by the state is based on a voluntary local application.

Requirements for Establishing an AEA

- Voluntary participation of county and local governments
- Participation of at least 5 farm owners
- Located in a farmland preservation area
- Contiguous land area
- Primarily in agricultural use
- State approval

How is an AEA established?

The initial AEA program will be a pilot project. Owners of at least 5 eligible farms and any affected local governments may petition to establish an AEA. Preference will be given to AEAs with 1,000 acres or more.

What is the benefit of establishing an AEA?

Designation of an AEA can help preserve agricultural areas and promote agricultural development. In addition, farm owners in a designated AEA are eligible for a tax credit by entering into a voluntary farmland preservation agreement. See back side for information on farmland preservation agreements.

What happens if the department dissolves an AEA?

The proposed bill will grant the department the ability to modify or terminate an AEA by rule. All agreements in the AEA would remain in effect until expiration of the agreement. A landowner may also pay a land conversion fee to be released from the agreement. All owners of the land in the agreement must consent to end the agreement. Release with payment of a conversion fee may also be allowed for enrollment in state or federal projects such as the Wetland Reserve Program.

When would the state dissolve an AEA?

The state may choose to "dissolve" an AEA when no members have signed agreements, or too many members have been released from agreements in the AEA. The state or local government may also choose to dissolve an AEA if a nearby municipality experiences growth resulting in substantial economic development. Individual agreements remain in effect until expiration, even if the AEA is dissolved.

Farmland Preservation Agreements

What is a Farmland Preservation Agreement?

A Farmland Preservation Agreement (FPA) is a contract between the state of Wisconsin and a farmer under which a farmer agrees to keep land in agricultural production in exchange for an annual income tax credit. To enter into an agreement, the farmer must have farmland in a designated AEA and meet eligibility requirements.

Tax credits for land under agreements in an AEA:

- \$10/acre if zoned for farmland preservation
- \$5/acre if not zoned for farmland preservation

Eligibility Requirements for Agreements

- 15 year minimum
- \$6,000/year gross farm revenue or \$18,000 over three years gross revenue
- Land use agricultural, permanent undeveloped natural resource or open space
- Compliance with state soil and water conservation standards
- Property taxes paid by claimant

How do I enter into a Farmland Preservation Agreement?

Initially a group of landowners and the affected local governments must get state approval to establish an AEA. Landowners within the AEA who meet eligibility criteria can then apply for farmland preservation agreements, which remain in effect for 15 years. If there are multiple owners for one farm, all owners must consent to and sign the agreement. Local governments may administer a reasonable fee to process agreements. County governments may review applications for agreements and provide comments.

What if I already have a Farmland Preservation Agreement and want to participate in an AEA?

Current farmland preservation agreements will be honored until expiration. New agreements will not be signed unless the land is located in an AEA. An existing agreement may be amended so that a farmer may claim (higher) tax credits under WLI for the duration of the existing agreement.

When can I claim the income tax credit under the WLI and what acreage qualifies?

The new farmland preservation tax credit will first become available for the 2010 income tax year (tax paid in 2011). Under an agreement, a farm owner may claim tax credits on their proportionate share of all of the acreage comprising a farm if the land is primarily devoted to agricultural use.

How can I be released from a Farmland Preservation Agreement?

Release from an agreement may be allowed if all owners of the covered land consent, and the release will not impair or limit agricultural use of other protected farmland. The landowner must pay a conversion fee equal to 3 times the Class I assessed cropland value to release the agreement.

How does a release from a FPA by one landowner affect other landowners in an AEA?

Each person that owns property in the agreement must agree to the release. Notification must be made to the others in the AEA regarding release from the agreement, and subsequently from the AEA. If the AEA is modified, a public hearing will be held regarding removal of the property from the affected AEA.

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