



**WORKING LANDS WORKGROUP
Minutes of November 10, 2016 Meeting**

Attendance

Present:

Workgroup Co-Chairs: Mike Carlson, Anna Haines

Workgroup Members: Bill Berry, Mike Engelson, Coreen Fallat, David Gruzinski, Lance Gurney, Brian Haase, Chris Holman, Pat Leavenworth, Tom Quinn, Aaron Thompson, Alison Volk, Ben Wojhan

Facilitator: Margaret Krome

Staff: None

Absent: Dan Bahr, Ed Brooks, Margaret Burlingham, Dick Cates, Rob Gottschalk, Steve Guthrie, Steve Hilger, Jim Holperin, Ed Huck, Bruce Jones, John Koepke (Co-Chair), Mike Koles, Deb Nemeth, John Torinus Jr., Robin Wagner, Curt Witynski.

Minutes

Minutes of August 23, 2016 Workgroup meeting were accepted without change.

Opening Comments: Facilitator and Co-Chairs

- We need “more folks at the table.” It is important to hear from all sides of the issue. Could all Workgroup attendees please suggest names of potential additional participants?
- At the last meeting, we identified working lands challenges, including demographics, financing, more intensive agricultural practices on a shrinking land base, and urban sprawl. We hope to clarify and address these challenges in greater detail.
- Because meeting time is limited, we may need to get more done between meetings. May we call upon Workgroup members for help?
- We should try to articulate our working lands goals. Why are working lands important? What are we aiming for?

Expert Presentation

Alison Volk (WI Department of Agriculture, Trade and Consumer Protection (DATCP), Farmland Preservation Program)

Workgroup member Alison Volk gave a presentation on Wisconsin's farmland preservation (FP) program and related issues. Some key points:

FP Program:

- ***FP Tax Credits:*** Under the FP program, farmers may claim state income tax credits (\$5-\$10 per acre) if their land is *all of the following*:
 - Targeted for preservation in a *county FP plan*.
 - Covered by an *FP zoning ordinance* or an individual *FP agreement*, or both. Tax credits are higher for farms covered by both.
 - In compliance with state soil and water conservation standards (“conservation compliance” requirement).
- ***County FP Plans:*** A *county FP plan* identifies farmland preservation areas chosen by the county. A county FP plan must meet certain minimum criteria, in order for farmers to qualify for FP tax credits (among other things, the plan must be consistent with the county comprehensive plan). DATCP certifies county FP plans that meet these criteria, for FP tax credit purposes.
- ***FP Zoning Ordinances:*** A county, town or municipality may adopt an *FP zoning ordinance*. A zoning ordinance puts legal “teeth” behind an FP plan, by limiting inappropriate development in FP zoning districts. An FP zoning ordinance must meet certain minimum criteria, in order for covered farmers to qualify for FP income tax credits (among other things, it must be consistent with the county FP plan). DATCP certifies FP zoning ordinances that meet these criteria, for FP tax credit purposes.
- ***FP Agreements:*** Under an FP agreement, a landowner commits to keeping land in agricultural use in return for FP income tax credits. *FP agreements* run for 15 years. They are now offered only in *agricultural enterprise areas*.
- ***Agricultural Enterprise Areas:*** DATCP may designate *agricultural enterprise areas* (AEAs) in response to local petitions. To date, DATCP has designated 33 AEAs throughout the state. An AEA is not the same as an FP zoning district (an AEA does not, by itself, impose any land use restrictions). However, farmers in an AEA may voluntarily enter into individual FP agreements, and thus qualify for FP income tax credits (farmers are not required to do so).
- ***FP Easements:*** The FP law authorizes DATCP to fund agricultural conservation easements (PACE easements). But that part of the law is no longer funded, so the PACE program is no longer operating.
- ***FP Planning Grants:*** DATCP has, over the years, provided FP planning grants to counties. There was a new round of planning grants over the past few years. However, grant funding has now expired and no further planning grants are anticipated.

Issues with the Current FP Program:

- ***Farmer Participation:*** Eligible farmers currently claim about \$20 million in FP income tax credits each year. However, many eligible farmers do *not* claim tax credits. Possible reasons include: (1) lack of knowledge; (2) the amount of the tax credit may be less than the farmer's “conservation compliance” cost; and (3) other, larger farm tax breaks – which come with no “conservation compliance” obligations – are more important to farmers.

- *Less Land Planned for Preservation:* Counties are steadily reducing the amount of farmland that they plan to preserve for agricultural use, as development pressure increases. In some cases, “checkerboard” planning and zoning is also fragmenting farmland.
- *Less Land Zoned for Preservation:* Farmland that is *planned* for preservation is not always *zoned* for preservation. Zoning coverage is declining.
 - FP plans lack legal “teeth” if there is no zoning.
 - Since 2009, tens of thousands of acres have been removed from FP zoning districts, as county and local governments have revised or repealed their FP zoning ordinances.
 - Large amounts of land have also been removed from FP zoning districts as a result of individual parcel “rezones.”
 - The Legislature repealed the rezoning “conversion fee,” so farmers who have their land rezoned for development after collecting FP tax credits are no longer obligated to pay any penalty. The “conversion fee” still applies to individual FP agreements, but FP agreements protect far less land than FP zoning ordinances.
 - A great deal of rezoning has occurred near urbanizing areas. Development interests often advocate the removal of land from FP zoning districts, as well as individual parcel “rezones.” In many cases, farmers also want the freedom to sell their land for development.
- *Fewer FP Agreements:*
 - Individual farmland preservation agreements last for 15 years.
 - Older agreements have expired. Since 2009, new agreements are available only in *agricultural enterprise areas* (AEAs).
 - DATCP has designated 33 AEAs since 2009. But not all farmers in AEAs choose to enter into FP agreements. Enrollment has been disappointing in many AEAs (FP agreements cover only a small proportion of land within the AEA). AEAs have yet to realize their full potential as intensively focused farming and food production areas.
- *Limited “Carrots” and “Sticks:”*
 - For many farmers in urbanizing areas, land development opportunities outweigh FP income tax credits. This is especially true for older farmers whose land is their “retirement fund” (the average Wisconsin farmer is 57 years old). This limits FP agreement sign-ups and farmer support for FP zoning restrictions.
 - FP income tax credits are contingent on “conservation compliance,” which helps to bolster nonpoint pollution control efforts. But FP tax credits are only available in certain areas and, for many farmers, “conservation compliance” costs exceed the value of the FP tax credit. Farmers receive other, larger, and more generally available farm tax benefits that are not subject to any “conservation compliance” requirement. Examples: “use value” property tax assessment and MAC income tax credits.
 - Farmers who receive FP tax credits, and then seek to have their land rezoned for development, no longer pay any “conversion fee.” This facilitates the conversion of farmland parcels, and arguably encourages abuse.
- *Municipal Annexation.* Municipal annexations can undermine FP zoning and agricultural enterprise areas.
- *Information Barriers.* There are significant barriers to explaining and marketing the program, both to farmers and local governments.

Comments by Workgroup Members:

Workgroup members recognized the importance of the farmland preservation framework, but questioned its continuing efficacy in light of current planning, zoning and land use trends. Members also

recognized the importance of the soil and water “conservation compliance” requirement, but wondered whether it would be more effective if attached to bigger, more broadly-based tax benefits.

Note: Allison Volk’s Powerpoint presentation can be viewed at <http://wisconsinlandwater.org/programs/food-land-water-project>.

General Discussion

The Workgroup discussed overall aspirations for Working Lands in Wisconsin, and how to realize those aspirations:

Ultimate Goal: Maintain economically and environmentally resilient working landscapes.

Enabling Conditions:

- Vibrant rural communities.
- Strong agricultural economies.
- Enduring land access and affordability.

Strategies:

- Support economically and environmentally sustainable farms, including farms in and near urban areas.
- Support new farmers, and successful farm transitions to the next generation.
- Support effective, long-term protection of important farmland. Identify priority areas for protection.
- Support conservation stewardship.
- Support clear farmland preservation policies and programs.
- Improve public understanding of the economic, environmental and social threats posed by farmland loss. Support information, education and training related to farming, food production, farmland preservation, soil and water conservation, and the food needs of an urban society.
- Support farmland preservation as way to protect watersheds, and reduce storm runoff.
- Collaborate with a broad array of stakeholders.
- Enhance funding for farmland preservation and conservation compliance.
- Identify priorities, and target available resources to achieve those priorities.
- Strengthen the current farmland preservation program.
- Balance preservation with property rights, and provide reasonable predictability to farmers, developers and other landowners.
- Support sound land use planning and development.
- Systematically collect and publish clear information on farmland conversion and related trends, including demographic, housing, urban expansion and infrastructure trends. Help the public and policy makers understand key issues and trends.
- Tie broad farm tax benefits, such as “use value” property tax assessment and MAC income tax credits, to farmland preservation and soil and water conservation.
- Align federal, state and local laws, programs and policies to achieve farmland preservation and conservation objectives.
- Develop regional, community and “grass roots” farmland preservation strategies.

Assignments

- The facilitator and co-chairs will work with FLW staff to distill and disseminate discussion points.
- The facilitator and co-chairs will review Workgroup membership and attendance, and seek ways to expand participation. Workgroup members will suggest other potential Workgroup members, to ensure that key agricultural, real estate, community and development interests are adequately represented.

Adjournment

By unanimous consent, the meeting was adjourned.