

NOTICE OF PROPOSED GUIDANCE DOCUMENT

Property Tax Assessment and Maple Sap Gathering

Pursuant to s. 227.112, Wis. Stats., the Wisconsin Department of Revenue is hereby seeking comment on the following proposed Property Tax Assessment and Maple Sap Gathering presentation guidance.

Page	Subject
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3-16	DOR Presentation-Property Tax Assessment and Maple Sap Gathering

PUBLIC COMMENTS AND DEADLINE FOR SUBMISSION

Comments may be submitted to Wisconsin Department of Revenue until September 16, 2019 by: Emailing bapdor@wisconsin.gov

LOCATION OF GUIDANCE

The final version of the guidance documents will be posted at <https://www.revenue.wi.gov/Pages/PropertyTax/home.aspx> to allow for ongoing comment.

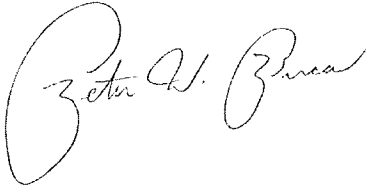
AGENCY CONTACT PERSON

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Certification Statement

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE

A handwritten signature in cursive script that reads "Peter W. Barca". The signature is written in black ink and is positioned to the left of the printed name and title.

Peter Barca

Secretary of Revenue

Property Tax Assessment and Maple Sap Gathering

WI Society of American Foresters

WI Dept. of Revenue | October 2, 2019

Presenter(s)

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Topics of Discussion

- Property tax assessment overview
- Agricultural classification
- Maple sap gathering
- Resources
- Questions

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Property Tax Assessment Overview

Property Assessment

- Value on January 1 for taxable real estate, personal property
 - Status on January 1, 2019 = 2019 assessment
 - 2019 assessment on December 2019 tax bill
 - Changes during 2019 do not impact 2019 tax bill
- Updates for new construction, demolition, building permits, market changes and classification (ex: agricultural to residential)
- Note: State law does not require annual updates due to real estate market conditions

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Property Tax

- Annual process
- Based on property's value
- Collections for a taxation district's budget
- Property location determines which districts – municipality, county, school district, technical college

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Municipal Processes

- Assessments
 - Assessor discovers, lists and values individual properties
 - Assessment roll – lists all property in municipality (taxable and exempt)
- Open Book – assessment roll open to inspection
 - Informal opportunity to review assessments
 - Discuss with assessor, ask questions
- Board of Review – individual assessment appeals
 - Commences 45-day period starting 4th Monday in April
 - Can appeal decisions to DOR or circuit court

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Classification and Valuation

- | | |
|-------------------------|--------------------------------|
| Class 1 – Residential | Class 5 – Undeveloped |
| ○ Land and improvements | ○ Land only |
| ○ 100% market value | ○ 50% market value |
| Class 2 – Commercial | Class 5m – Agricultural Forest |
| ○ Land and improvements | ○ Land only |
| ○ 100% market value | ○ 50% market value |
| Class 3 – Manufacturing | Class 6 – Forest |
| ○ Land and improvements | ○ Land only |
| ○ 100% market value | ○ 100% market value |
| Class 4 – Agricultural | Class 7 – Other |
| ○ Land only | ○ Land and improvements |
| ○ Use value | ○ 100% market value |

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Classification and Valuation (cont.)

- One predominate use
 - Parcel entered in assessment roll as single entry with one classification
- Multiple uses identified and separated
 - Separate classifications entered
- Considerations
 - Produces greatest net return to property owner
 - Legal-not violate regulations (ex: zoning, building codes)
 - Complementary-balance with uses around it (conformity)
 - Should not be highly speculative use
 - Can change over time (economy and neighborhood changes)
 - Start with assumption that current use is highest and best use

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Agricultural Classification

State Law – 70.32

- **Ag land** – land, exclusive of buildings and improvements, that is devoted primarily to ag use
- **Ag use** – as defined by the WI Dept. of Revenue by rule and includes growing of short rotation woody crops, including poplars and willows, using agronomic practices
- **Agronomic practices** – ag practices associated with crop production – soil management, cultivation, row cropping
- **Ag land** shall be assessed according to the income that could be generated from its rental for agricultural use

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Administrative Code – Tax 18

- **Agricultural use**
 - NAICS – crop and animal production
 - Christmas trees and ginseng
 - Specific government programs and easements
- **Devoted to agricultural use**
 - Prior production season (2018 for 2019 assessment)
 - Compatible with ag use on January 1?
- **Agricultural classification**
 - Physical evidence of ag use – crops, fencing, livestock
 - Assessor may request additional information

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Wisconsin Property Assessment Manual

- Chapter 14: Agricultural Valuation
 - Agricultural land categorization: tillable 1, 2 & 3; pasture; specialty
 - Additional classification information, examples
- Chapter 14 Appendix A: North American Industry Classification System – NAICS
- Chapter 14 Appendix B: Calculating Use-value Guidelines
- Chapter 14 Appendix C: Use Conversion Charge
- Chapter 14 Appendix D: Agricultural Forest
- Tax 18 Conservation Programs

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Maple Sap Production

Maple Sap Gathering

- Qualifying agricultural use (NAICS #11199 – All Other Crop Farming)
- Land must be devoted primarily to a maple sap gathering during prior production season – density of trees tapped represent lands' primary use
- Compatible with agricultural use on January 1

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Determining a Devotion Primarily to Maple Sap Gathering

- Assessors should inspect during harvest season, generally February-April – taps, lines, collection barrels are visible
- Actively gathered sap in the previous production year
- Tree size, which is the diameter of the trunk at breast height or DBH
- Minimum number of taps per acre, which varies from 35 to 50 depending on tree diameter

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Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

- Large, well established maple groves tend to have fewer and larger trees
- Industry standard for larger trees is three taps per tree and a minimum of 35 taps per acre
- Smaller, younger trees can only support one tap and grow closer together
- For smaller, younger trees the industry standard requires a minimum of 50 taps per acre

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Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

- Typical maple sap operation will have standard equipment
 - Line networks connecting trees to buckets or collection centers
 - "Sugar shack" with storage containers, firewood, evaporator or pan
- Materials and equipment used for tapping
 - Drills and drill bits, taps per spigots on hand, buckets on site or in storage, lines on site or in storage – adequate lineal feet, connectors and wire
 - Collection barrels, burner, evaporator or kettle, thermometer, filter, de-foamer or hydrometer, draw off faucets, stove pipe, structure components

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Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

Line networks connecting trees to buckets or collection centers



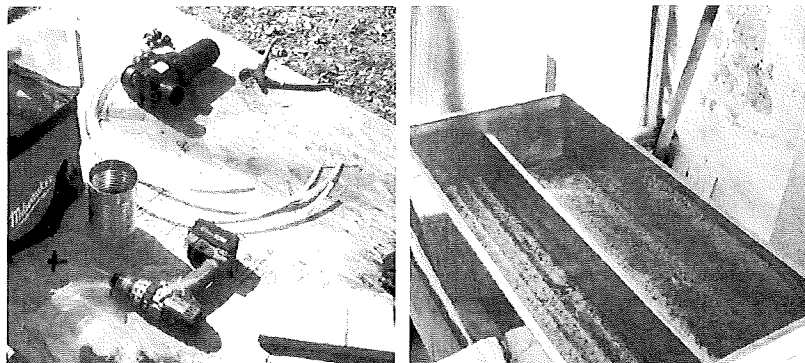
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Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

Collection equipment is exempt (70.111(10))



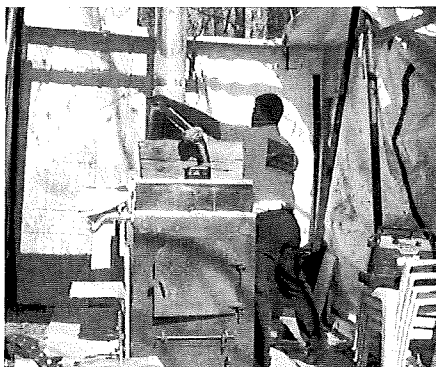
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Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

Sugar-shack is taxable



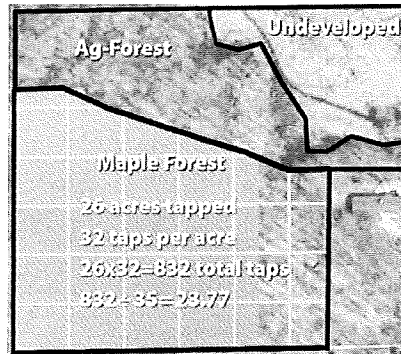
Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

Acres	DBH	Plantation	Natural Stands	Taps per acre	Taps per tree
		Trees per acre	Trees per acre		
1	10"	70	80	50	1
2	10 to 12"	70	55-60	50	1
3	18"	30	35	35-50	2
4	24"	30	35	35-50	3
5	N/A	30	35	35-50	3
6-10	N/A	30	35	35-50	3
11-15	N/A	30	35	35-50	3
16-40	N/A	30	35	35-50	3

Information obtained from A Guide to Sugarbush Stocking by H. Clay Smith and Carter B. Gibbs, USDA Forest Service Research Paper NE-171, 1970

Determining a Devotion Primarily to Maple Sap Gathering *(cont.)*

Developing a use-value
assessment from taps
per acre



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Resources

Resources

- Wisconsin Property Assessment Manual:
revenue.wi.gov/Pages/HTML/govpub.aspx#property
- DOR maple sap video: youtube.com/watch?v=m6ZxYilZfrc
- Publications: revenue.wi.gov/Pages/HTML/pubs.aspx
- Reports: revenue.wi.gov/Pages/Report/Home.aspx
- Common questions:
revenue.wi.gov/Pages/FAQS/home-pt.aspx

Resources (cont.)

- Sugarbush Management Standards and Tapping Guidelines for Forestland in Use Value Appraisal
[https://fpr.vermont.gov/sites/fpr/files/Forest and Forestry/Your Woods/Library/UVA Sugarbush Standards %2010-8-14%20%28final%29 03-19-15%20%28corrected%29.pdf](https://fpr.vermont.gov/sites/fpr/files/Forest%20and%20Forestry/Your%20Woods/Library/UVA%20Sugarbush%20Standards%202010-8-14%20%28final%29%2003-19-15%20%28corrected%29.pdf)
- Silvicultural Guide for Developing a Sugarbush
<https://www.uvm.edu/~uvmaple/silviculturalguide1974.pdf>
- Taps per tree: <http://warren.cce.cornell.edu/natural-resources/maple-syrup-production>

Thank you!
