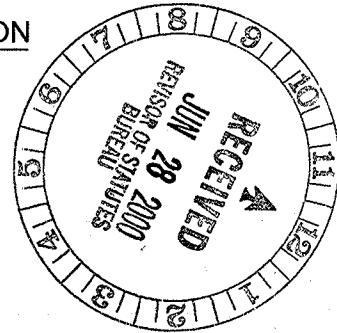


Clearinghouse Rule 00-053

CERTIFICATE OF RULE ADOPTION

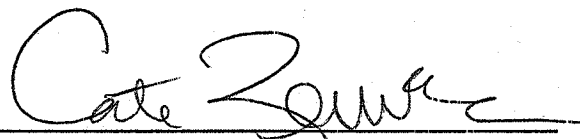
STATE OF WISCONSIN)
) SS
DEPARTMENT OF REVENUE)



I, Cate Zeuske, Secretary of the Department of Revenue and custodian of the official records, certify that the annexed rules, relating to the assessment of agricultural property, were duly approved and adopted by this department on June 27, 2000.

I further certify that this copy has been compared by me with the original on file in this department and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 125 South Webster Street in the City of Madison, this 27 day of June, 2000.



Cate Zeuske
Secretary of Revenue

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00-053
9/1/00 11/1/01

ORDER OF THE DEPARTMENT OF REVENUE

The Wisconsin Department of Revenue hereby adopts an order to amend TAX 18.05 (1) (a), (b), and (d); to create TAX 18.05 (1) (e); and to repeal and recreate TAX 18.08, relating to assessment of agricultural land.

ANALYSIS BY THE WISCONSIN DEPARTMENT OF REVENUE

Statutory Authority: ss. 70.32 (2) (c) 1., 70.32 (2r) (b) and 227.11 (2) (a), Stats.

Statutes Interpreted: ss. 70.32 (2) (c) 1., 70.32 (2r) (b) and (c), Stats.

Under the current rule, agricultural use is defined by reference to the 1987 Standard Industrial Classification (SIC) Manual and includes land eligible for enrollment in specified federal agricultural programs. The rule amends the definition of agricultural use to update the 1987 SIC references to 1997 North American Industrial Classification System references. The rule also updates the references to the federal agricultural programs and provides that land enrolled in those programs is in agricultural use. The rule also defines land enrolled in specified state agricultural programs as being in agricultural use if such lands were in agricultural use at the time of enrollment. The updated definition of agricultural use is effective for assessments as of January 1, 2001.

The rule provides that, beginning with the assessments as of January 1, 2000, the assessed value of each parcel of agricultural land is its use value.

SECTION 1. Section TAX 18.05 (1) (a), (b) and (d) are amended to read:

TAX 18.05 Definitions. In this subchapter:

(1) "Agricultural use" means any of the following:

- (a) Activities included in ~~major group 01 — agricultural production crops, set forth in the standard industrial classification manual, 1987 edition, subsector 111 Crop Production, set forth in the North American Industry Classification System (NAICS), United States, 1997, published by the executive office of the president, U.S. office of management and budget. "Agricultural use" does not include growing short rotation woody trees with a growing and harvesting cycle of 10 years or less for pulp or tree stock under NAICS industry 111421.~~
- (b) Activities included in ~~major group 02 — agricultural production livestock and animal specialties, set forth in the standard industrial classification manual, 1987 edition, subsector 112 Animal Production, set forth in the North American Industry Classification System, United States, 1997, published by the executive office of the president, U.S. office of management and budget.~~

Note: ~~Major group 01 — agricultural production crops and major group 02 — agricultural production livestock and animal specialties, set forth in the standard industrial classification manual, 1987 edition, Subsector 111 Crop Production and subsector 112 Animal Production, set forth in the North American Industry Classification System, United States, 1997, published by the executive office of the president, U.S. office of management and budget, are reproduced in full in the Wisconsin property assessment manual under s. 73.03(2a), Stats. In addition, copies are on file with the department, the secretary of state, and the revisor of statutes.~~

- (d) ~~Land eligible for enrollment~~ enrolled in any of the following federal agriculture programs: the conservation reserve program ~~1991-1995~~ under 7 C.F.R. 1410; the conservation reserve program 1986-1990 under 7 C.F.R. 704; ~~the feed grain program under 7 C.F.R. 1413;~~ the water bank program under 7 C.F.R. 752; the agricultural conservation program under 7 C.F.R. 701; ~~or the dairy price support program under 7 C.F.R. 1430 and 282~~ or, provided that the land was in agricultural use under par. (a), (b) or (c) at the time of enrollment, the environmental quality incentives program under 7 C.F.R. 1466 or the conservation contract program under 7 C.F.R. 1951, Subpt. S, Exh. H.

SECTION 2. Section TAX 18.05 (1) (e) is created to read:

- (e) Land that is subject to an easement under any of the following programs provided that the land was in agricultural use under par. (a), (b) or (c) at the time the easement was acquired: the stream bank protection program under s. 23.094, Stats.; the conservation reserve enhancement program under s. 93.70, Stats.; or the nonpoint source water pollution abatement program under s. 281.65, Stats.

SECTION 3. Section TAX 18.08 is repealed and recreated to read:

TAX 18.08 Assessment of agricultural land.

Beginning with the assessments as of January 1, 2000, the assessment of each parcel of agricultural land shall be its use-value, as determined under s. TAX 18.07(3)(b).

FINAL REGULATORY FLEXIBILITY ANALYSIS

This rule order is not expected to directly affect small business and, therefore, under s. 227.114(8)(b), Stats., a regulatory flexibility analysis is not required.

Approval of the use of standards by reference in s. TAX 18.05 has been approved by the Attorney General and the Revisor of Statutes.

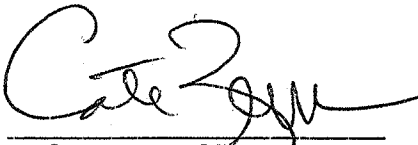
EFFECTIVE DATES

Sections 1 and 2 shall first take effect for the assessments as of January 1, 2001.

Section 3 shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2) (intro.), Stats.

DEPARTMENT OF REVENUE

Dated: 6/27/2000

By: 
Secretary of Revenue

BK:skr
t\ rpt\ final rule.doc

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #
INTRODUCTION #
Admin. Rule # TAX 18.05 and 18.08

Subject Full Implementation of Use-Value Assessment of Agricultural Land

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Decrease Costs	

Local: No Local Government Costs **see text of fiscal note**

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
2. <input checked="" type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	4. <input checked="" type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations
--	---------------------------------------

Assumptions Used in Arriving at Fiscal Estimate:

Under ch. TAX 18, use-value assessment of agricultural land is phased-in over the period from 1995 to 2008. During the phase-in, the assessment of a parcel of agricultural land is changed in steps from its frozen 1995-1997 assessment to its use value. Full implementation of use value, that is, assessment based exclusively on the parcel's value in agricultural use, begins in 2008. In addition, under ch. TAX 18.05, "agricultural use" is defined by reference to the 1987 Standard Industrial Classification (SIC) Manual and includes land eligible for enrollment in specified federal agricultural programs.

Under the proposed rule, use value assessment is fully implemented beginning in 2000. The proposed rule amends the definition of agricultural use to update the 1987 SIC references to 1997 North American Industrial Classification System references. The proposed rule also updates the references to federal agricultural programs, includes land in comparable state agricultural programs, and provides that certain lands enrolled in those programs are in agricultural use.

Summary of Fiscal Effect. The fiscal effect of advancing use value assessment from January 1, 2008, to January 1, 2000, is a reduction in the taxable value of agricultural land and a consequent shift in property taxes from agricultural land to other classes of taxable property in each year from 2000 to 2007. In 2000, \$41 million is shifted to other taxable property and a total of \$164 million is shifted by 2007. Equalizing state aid distribution formulas -- shared revenues and school aids -- will reallocate aids away from taxing jurisdictions with little or no agricultural land to jurisdictions where agricultural land is relatively more important. In addition, state forestry taxes will decrease under the proposed rule in each year from 2000 to 2007. The decrease in 2000 will be \$380,000 and the total decrease will be about \$1.5 million.

The provisions updating the definition of "agricultural use" have a minimal fiscal effect.

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700	Date 3/3/00
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1999 average school tax rate would be about \$10.59 (\$2.8 bil. / \$264.4 bil.) per \$1,000 or \$0.07 per \$1,000 greater than under the current rule. Tax rate changes will vary among school districts, ranging from no change up to an increase of about \$0.70 per \$1,000. Technical college tax rates would increase by an average of about \$0.01 per \$1,000 under the proposed rule.

State Forestry Taxes. Assuming a \$1.9 billion decrease in total value, state forestry taxes in 2000 would decrease by about \$380,000 (\$1.9 bil. x 0.0002) under the proposed rule. State forestry taxes would decrease by a total of about \$1.5 million from 2000 to 2007.

Administrative Costs. Municipal assessment costs may decrease under the proposed rule since local assessors would not have to calculate the annual changes required under the phase in.

The proposed rule would require minor revisions to the *Wisconsin Property Assessment Manual*. The cost of the revisions would be absorbed.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #
INTRODUCTION #

Admin. Rule #
**TAX 18.05 and
 18.08**

Subject

Full Implementation of Use-Value Assessment of Agricultural Land

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe (FTE Position Changes)	\$ - (FTE)	\$ - (- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ -	\$ -
B. State Costs by Source of Funds		
GPR	\$ -	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$ -	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG- State Forestry Taxes		- see text of fiscal note
TOTAL State Revenues	\$ -	\$ -

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$ -	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$ see text of fiscal note	\$ see text of fiscal note

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	3/3/00



State of Wisconsin • DEPARTMENT OF REVENUE

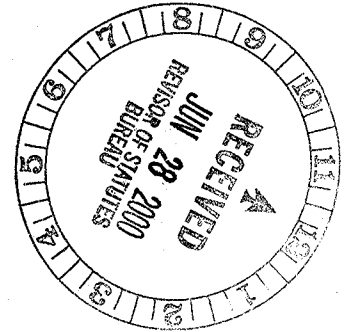
125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

June 27, 2000

Mr. Gary L. Poulson
Deputy Revisor of Statutes
131 West Wilson Street
Suite 800
Madison, WI 53703-3233



Re: Clearinghouse Rule 00-053

Dear Mr. Poulson:

Enclosed are a Certificate of Rule Adoption and an Order of the Department of Revenue adopting Clearinghouse Rule 00-053, relating to assessment of agricultural property.

These materials are filed with you pursuant to s. 227.20(1), Stats.

The rule order has also been emailed to you. If you have any questions regarding the rule order, please contact Blair Kruger at 266-1310 or bkruger@dor.state.wi.us.

Sincerely,


Cate Zeuske
Secretary of Revenue

CZ:BK:skr
t:\secltr\poulson.719.doc

Enclosures

cc: Douglas J. LaFollette, Secretary of State
Commerce Clearinghouse, Inc.
Research Institute of America, Inc.



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

June 27, 2000

The Honorable Douglas La Follette
Secretary of State
30 West Mifflin Street, Tenth Floor
Post Office Box 7848
Madison, WI 53707-7848

Re: Clearinghouse Rule 00-053

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Sincerely,

Cate Zeuske
Secretary of Revenue

CZ:BK:skr
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Enclosures

cc: Deputy Revisor of Statutes