CLAIMING THE FARMLAND PRESERVATION TAX CREDIT IN WISCONSIN

UPDATED FOR 2017
Farmland Preservation Plan

Agricultural Enterprise Areas (AEAs)

Farmland Preservation Zoning

Farmland Preservation Agreements

Depending!
For landowners with an **effective** farmland preservation agreement entered into before July 1, 2009

- Ask for a copy of the agreement
- Check the expiration!
- Fewer Pre-2009 agreements each year
- Consider the benefits of modifying!
Farmland Preservation Agreements signed before July 1, 2009 or under Act 374

- Only landowners eligible to claim farmland preservation tax credit on Schedule FC
- Unmodified agreements can modify in order to claim on FC-A
For landowners with a farmland preservation agreement signed or modified after July 1, 2009 or with land covered by a certified farmland preservation zoning ordinance (or both)
AGRICULTURAL ENTERPRISE AREAS (AEAS)

- Community-led
- Designated by the state in response to a local petition
- Contiguous
- Primarily in agricultural use
- Not a land use control
- Enables landowners to sign a farmland preservation agreement

Go to Statewide Map of AEAs
If have a client who owns land within one of the state’s 34 agricultural enterprise areas…

- Agreements represent a commitment to keeping land in agricultural use for the next 15 years
- Exempt from special assessments levied by a political subdivision, special purpose district or other local governmental entity for sanitary sewer or water
- Benefits soil and water resources
QUESTIONS?
CERTIFIED FARMLAND PRESERVATION ZONING DISTRICT

- Implements local farmland protection goals
- Limits allowable uses to agricultural activities and uses compatible to agriculture
- Landowners with land located in a certified farmland preservation zoning district may be eligible to claim the FP tax credit

Go to List of Certified Zoning Jurisdictions

Come back later for a TY2017 list!
To determine whether land is covered by a certified farmland preservation zoning ordinance, 1) check DATCP’s website for a list of jurisdictions with certified zoning ordinances 2) If the list includes the town, city or village where the land is located, call the zoning authority for the town city or village to make sure the land is covered by the district.

Contact DATCPWorkingLands@Wisconsin.gov or 608-224-4621 with additional questions
Only place where new FP Agr can be signed

Zoning Jurisdiction with Certified FP Zoning

Landowners need to check with ZA to see if they are in the certified district(s)
Landowners cannot claim on the same land using both Schedule FC and FC-A.

Example: If a landowner has land that is zoned for farmland preservation and that same land is covered by a farmland preservation agreement signed before July 1, 2009 (but has not been modified), the landowner must either use FC to claim under the old agreement or use FC-A to claim under the farmland preservation zoning ordinance.
Modifying a Farmland Preservation Agreement

I’m not sure what kind of agreement I have
BENEFITS TO MODIFYING

- Often results in a higher tax credit for the farm owner
  - No cap on credit
- May claim the tax credit on lands enrolled in MFL
- No minimum acreage requirement to file a claim
- Landowners with modified agreements and acreage under certified zoning may claim on a single schedule
REVIEW: WHICH SCHEDULE SHOULD I USE?

**FC**
- Landowners who own land subject to an effective farmland preservation agreement signed before July 1, 2009

**FC-A**
- Landowners who own land subject to an effective farmland preservation agreement signed OR modified after July 1, 2009
- Landowners who own lands located in a certified farmland preservation zoning district
- Landowners who own lands covered by both!
WHAT ARE THE ELIGIBILITY REQUIREMENTS?

The following requirements must be met to claim the farmland preservation tax credit under FC or FC-A:

• Claimant must have been the owner of the farmland for the year in which the credit is claimed. The landowner need not be the farm operator and may rent the land to a farmer.

• The landowner must have been a resident of Wisconsin for the entire taxable year.

• The landowner may not have claimed homestead credit or veterans and surviving spouses’ property tax credit for that year.

• The farm must meet applicable state soil and water conservation standards.

• The land produced $6,000 in gross farm revenue in the preceding year or $18,000 in gross farm revenue during the preceding three years. If a landowner rents the farmland, the landowner may claim on that land provided the renter meets the gross farm revenue requirement.
$6,000 gross farm revenue in year of claim or $18,000 in that and two prior tax years

EX: If landowner is engaged in forest management and only makes a cutting once every 3 years they can still meet the revenue requirement to claim annually

Land is rented for agricultural use:

- Renter's farm operation meets requirement
- Revenue not rent received; revenue is ag revenue
- Provide name and address of renter on schedule
Listed in ATCP 50.04

Include requirements for nutrient management planning and for controlling sources of soil erosion and other ag sources of nonpoint pollution
SCHEDULE FC:
THE PARTICULARS

• MFL Lands are not eligible for the farmland preservation credit under FC

• Claim must be based on at least 35 acres of land.

• If at least 35 acres of farmland were enrolled in the Conservation Reserve Program (CRP), the landowner does not need to meet the gross farm revenue requirement

• The property taxes for the property and for the year on which the claim is based must be paid in full. The tax bills should be attached to the claim.

• Landowners who previously claimed using Schedule FC may modify their old farmland preservation agreement to take advantage of increased tax credits under FC-A. An agreement cannot be modified to extend the expiration date.
Schedule FC  
Farmland preservation credit  
2016

Enclose with Wisconsin Form 1, 1NPR, 2, 4, 4T, or 6

Check here if an amended Schedule FC

Legal name(s) shown on Form 1, 1NPR, 2, 4, 4T, or 6

Caution: Schedule FC may only be filed if you are subject to a farmland preservation agreement entered into prior to July 1, 2009. See “Which Schedule to File” on page 2 of the instructions.

Questions  
Questions 1 through 7 must be answered (see instructions, page 4).

1a Individuals – Were you a legal resident of Wisconsin for all of 2016? (If “No,” you do not qualify.) ...
1b Corporations – Were you organized under the laws of Wisconsin? (If “No,” you do not qualify.) ...

2 Have you been notified that you are in noncompliance with any soil and water conservation plan or standard? ...

3 Have the 2015 property taxes for all of the farmland on which this claim is based been paid in full? ...

4 What is the number of whole acres on which this claim is based? (See instructions, page 4.) ...

5 Did the farmland produce gross farm profits of at least $6,000 during 2016 or a total of at least $18,000 during 2014, 2015, and 2016 combined? ...

6 Were at least 35 acres of the farmland on which this claim is based enrolled in the Conservation Reserve Program during 2016? ...

7 If the farmland was used by someone else who met the requirement in question 5, what is that person’s name and address? ...
QUESTIONS ON FC?
• MFL lands may be included in a farmland preservation tax claim.

• There is no minimum acreage requirement for claiming under FC-A.

• The landowner must have paid **or be responsible for paying** the property taxes payable in the year for which the claim is filed. The tax bills should still be included in with the claim.

• There is no longer a zoning certificate required for claiming based on land covered by a certified farmland preservation zoning ordinance. A copy of the signed farmland preservation agreement, however, is still required to be attached to the claim.

• Certificate of Compliance (CoC) with a CoC number listed on the tax form
Schedule **FC-A** Farmland preservation credit

Enclose with Wisconsin Form 1, 1NPR, 2, 4, 4T, or 6

Check here if an amended Schedule FC-A □

2016

Legal name(s) shown on Form 1, 1NPR, 2, 4, 4T, or 6

Social Security Number or FEIN

Caution: Schedule FC-A may only be filed if your farm is covered by an original or modified farmland preservation agreement entered into on or after July 1, 2009, or located in a farmland preservation zoning district. See “Which Schedule to File” on page 1 of the instructions.

**Questions** Questions 1 through 6 must be answered (see instructions, page 3).

1a Individuals – Were you a legal resident of Wisconsin for all of 2016? (If “No,” you do not qualify.) □

   Yes □ □ No □

1b Corporations – Were you organized under the laws of Wisconsin? (If “No,” you do not qualify) □

   Yes □ □ No □

2 Enter the number of farms on which this claim is based □

FARMS

3 Do you have a certificate of compliance for each farm upon which this claim is based? (Enter your 7 digit certificate of compliance identification number(s) on the Qualifying Acres Schedule(s) in Step 1. Attach a copy of each certificate of compliance, unless the Exception on page 4 of the instructions applies.) □

   Yes □ □ No □

4 Have you paid, or are you legally responsible for paying, the 2016 property taxes levied against the qualifying acres to which this claim relates? □

   Yes □ □ No □

5 Did each farm on which this claim is based produce gross farm revenues of at least $6,000 during 2016 or a total of at least $18,000 during 2014, 2015, and 2016 combined? □

   Yes □ □ No □

6 If any farm(s) on which this claim is based was used by someone else who met the requirement in question 5, what is the name and address of that person(s)?
Certificate of Compliance with Soil & Water Conservation Standards
(Farmland Preservation Program, ss. 91.80 and 91.82, Wis. Stats.)

Landowner Information  (To be completed by landowner)

To claim the farmland preservation tax credit under subch. IX of ch. 71, Stats, this completed certificate of compliance must be submitted with your tax return filed with the Wisconsin Department of Revenue, beginning in tax year 2010 if you did not claim a tax credit for the preceding year.

LANDOWNER(S):

STREET ADDRESS:

CITY  STATE  ZIP:

PHONE:  E-MAIL:

-Enter Property Information on Reverse-

Certification  (To be completed by the county land conservation committee)

The undersigned, on behalf of the County Land Conservation Committee, hereby certifies that the land identified on this form is a part of a farm, all of which is in compliance with soil and water conservation standards under s. 91.80, Wis. Stats.

Certification based upon:

☐ Farm Inspection  Date of Inspection:  
☐ Other Demonstration of Compliance  Explanation:  

Applicable Year:  

AUTHORIZED SIGNATURE:

PRINTED NAME AND TITLE:

PHONE:  ( )   

STREET ADDRESS:

CITY  STATE  ZIP:

DATE:

Authorized Signature:

Printed Name and Title:

Phone:

Street Address:

City  State  Zip:
1. **Which landowners need a Certificate of Compliance (CoC) number?**
All landowners who claim the farmland preservation tax credit with Schedule FC-A beginning in 2016 will need a CoC number. This includes landowners who claim under a farmland preservation zoning ordinance and landowners who have a farmland preservation agreement signed or modified after July 1, 2009. Landowners will need to enter this number on FC-A in order to claim the credit in tax year 2016.

2. **Who should landowners contact if they do not already have a certificate of compliance (CoC)?**
Landowners need to contact the Land Conservation Department in the county where their farm is located in order to obtain a CoC. Landowners that have already have already been issued a CoC that does not have a CoC number on it need to work with the County Land Conservation Department in the County where their farm is located to get a CoC number.
**Note:** Fill in below the number of farms on which your claim is based. Complete a separate schedule for each farm (see page 3).

**QUALIFYING ACRES SCHEDULE 1 OF ___**

**Step 1** Enter the 7 digit identification number from your certificate of compliance for each county in which the farm is located:

\[a\_\_\_\_\_\_\_\_\_ \ b\_\_\_\_\_\_\_\_\_ \ c\_\_\_\_\_\_\_\_\_ \ d\_\_\_\_\_\_\_\_\_\]

If the farm is located in more than 4 counties, see Qualifying Acres Schedule, Step 1 on page 3 of the instructions.

**Step 2** For each tax parcel that 1) is part of the farm and 2) has qualifying acres, as described below, enter:

- **Column (A)** tax parcel number
- **Column (B)** number of qualifying acres in the parcel subject to an original or modified farmland preservation agreement entered into after July 1, 2009, and located in a farmland preservation zoning district
- **Column (C)** number of qualifying acres in the parcel located in a farmland preservation zoning district, but not subject to an original or modified farmland preservation agreement entered into after July 1, 2009
- **Column (D)** number of qualifying acres in the parcel subject to an original or modified farmland preservation agreement entered into after July 1, 2009, but not located in a farmland preservation zoning district

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<th>Tax Parcel Number (A)</th>
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**Note:** If the farm consists of more than 7 parcels, enclose page 4.
QUESTIONS ON FC-A?
WHAT LEVEL OF TAX CREDIT ARE LANDOWNERS ELIGIBLE FOR?

Schedule FC

- The amount a landowner may be credited by filing a claim on tax schedule FC is calculated based on their income and the amount of property taxes paid in the applicable tax year
- Lower income and higher property taxes mean higher tax credit

Schedule FC-A

- $5.00/acre for landowners with a farmland preservation agreement signed after July 1, 2009 and located in an agricultural enterprise area, or for landowners who have modified an agreement initially signed before July 1, 2009
- $7.50/acre for landowners with lands located in an certified farmland preservation zoning district
- $10.00/acre for landowners with lands located in an certified farmland preservation zoning district and in an agricultural enterprise area with a farmland preservation agreement signed after July 1, 2009, or in an area zoned for farmland preservation and with a farmland preservation agreement modified after July 1, 2009
ATTACHMENTS TO CLAIM

Schedule FC
• Copy of FP Agreement
• If land bought/sold during year, include closing statement signed by buyer and seller along with deed or land contract
• Documentation of percentage of ownership
• Example: If any property tax bills for tax year claiming under show unpaid taxes, need statement from county treasurer that previous year property taxes were paid in full

Schedule FC-A
• Copy of FP Agreement (if applicable)
• If land bought/sold during year, include closing statement signed by buyer and seller along with deed or land contract
• Documentation of percentage of ownership
• Property tax bills for tax year claiming under
• Certificate of Compliance if it is the first year issued and/or acreage claiming under changes
FILING EXTENSIONS

- Six-month federal extension – **Form 4868**
- Submit federal extension form with WI return
- Retroactively claiming
  - A farmland preservation tax credit for a given tax year must not be filed later than 4 years after the un-extended due date of that year’s tax return
  - Ex: A 2016 farmland preservation tax credit claim would need to be filed by April 15, 2021 (March 16, 2021 for corporations)
  - Eligibility to back claim may depend on the applicable county’s ability to verify that a farm was in compliance for the previous years that they wish to file a claim for

- Compliance:
  - FC-A End of tax year
  - FC Time of filing
**TAKEAWAYS?**

- Is my client eligible to claim the farmland preservation tax credit?
  - Certified Farmland Preservation Zoning
  - Effective Farmland Preservation Agreement
  - Both?

- Am I Using the correct forms to file on behalf of my client?
  - FC= Pre 2009 Agreements
  - FC-A= Certified Zoning, Post 2009 Agreements, Modified Pre-2009 Agreements
QUESTIONS: CLAIMING THE FARMLAND PRESERVATION TAX CREDIT

DATCP:
608/224-4621
DATCPWorkingLands@Wisconsin.gov

DOR:
608/266-2442
DORFarmlandPreservationCredit@Wisconsin.gov