



**LAND CONSERVATION COMMITTEE  
WEDNESDAY APRIL 4, 2018 7:15 P.M.  
LAND CONSERVATION DEPARTMENT  
CONFERENCE ROOM  
440 N US HWY 14  
JANESVILLE WI**

**AGENDA**

1. Call Meeting to Order.
2. Approval of Agenda.
3. Approval of Minutes – March 7, 2018.
4. Citizen Participation, Communications, and Announcements.
5. Review Bills Paid.
6. Erosion Control and Storm Water Management Program – Approve 6 Month Extension Request for Permit Numbers GP-2017-1 (Alliant Energy) and ECSW-2017-3 (Connell- Lake Woods 3<sup>rd</sup> Addition).
7. Resolution: Amending the Land Conservation Department to Utilize the Current ATC Account Fund Balance to Commence Activities Associated with the Groundwater Nitrate Initiative Project.
8. Farmland Preservation Program:
  - a) Approve Cancellation of Notice of Non-Compliance for Warren and Maxine Sarow Revocable Trust.
  - b) Review FPP proposal to amend the current Farmland Preservation Program Tax Credit System.
9. Land and Water Resource Management Program - Approve cost share agreements.
10. Groundwater Nitrate Workgroup Update.
11. Purchase of Agricultural Conservation Easements (PACE) Program Update.
12. Adjourn.

RESOLUTION NO. \_\_\_\_\_

AGENDA NO. \_\_\_\_\_

**RESOLUTION  
ROCK COUNTY BOARD OF SUPERVISORS**

Land Conservation Committee  
INITIATED BY



Thomas Sweeney  
DRAFTED BY

Land Conservation Committee  
SUBMITTED BY

March 20, 2018  
DATE DRAFTED

**AMENDING THE LAND CONSERVATION DEPARTMENT BUDGET TO UTILIZE THE  
CURRENT ATC ACCOUNT FUND BALANCE TO COMMENCE ACTIVITES ASSOCIATED  
WITH THE GROUNDWATER NITRATE INITIATIVE PROJECT**

1 **WHEREAS**, County Board Resolution 17-10A-369 determined the Allocation of the American  
2 Transmission Company (ATC) Environmental Impact Fees to be received in 2018 between the Land  
3 Conservation Department (LCD) and the Parks Division; and,  
4  
5 **WHEREAS**, Resolution 17-10A-369 further segregated \$120,000 of the anticipated funding that the  
6 LCD is to receive to assure the Groundwater Nitrate Initiative Project can commence with planned  
7 activates; and,  
8  
9 **WHEREAS**, as of the draft date of this resolution, ATC has not commenced the construction of the  
10 planned Alliant Energy Power Plant Line and therefore funding is not available to start the Groundwater  
11 Nitrate Pilot Project; and,  
12  
13 **WHEREAS**, the Groundwater Nitrate Initiative Workgroup (Workgroup) has developed a plan to  
14 commence with the implementation of the groundwater nitrate reduction pilot project in spring of 2018,  
15 and the project will include the establishment of numerous observation wells within the selected areas;  
16 and,  
17  
18 **WHEREAS**, the establishment of these wells will assist the Workgroup with developing an  
19 understanding of the background nitrate levels within the areas prior to implementation of best  
20 management practices on the landscape; and,  
21  
22 **WHEREAS**, the timing for the establishment of the observation wells will be prior to spring planting  
23 (early spring) with the cost to establish aforesaid observation wells estimated at \$25,000.00; and,  
24  
25 **WHEREAS**, the Land Conservation Committee (LCC) requests that the LCD budget be amended to  
26 accommodate the anticipated ATC Environmental Impact Fee deposit which will allow for expenditures  
27 for the Groundwater Nitrate Initiative Project; and,  
28  
29 **WHEREAS**, the LCDs' portion of the estimated environmental impact fees from the construction of the  
30 new high voltage transmission line is estimated between \$398,480 and \$415,280. The Workgroup has  
31 requested that current ATC fund balance be used in lieu of the 2018 anticipated funds.  
32  
33 **NOW, THEREFORE, BE IT RESOLVED** by the Rock County Board of Supervisors in session this  
34 \_\_\_\_ day of \_\_\_\_\_, 2018, approves the use of the current ATC fund balance to allow for the  
35 establishment of the planned observation wells.  
36

37 **BE IT FURTHER RESOLVED**, that the Land Conservation Department's budget be amended as  
38 follows:

<u>Account/Description</u>	<u>Budget</u> <u>1/1/18</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Amended</u> <u>Budget</u>
41 <u>Source of Funds</u>			
42 62-6265-0000-46400	\$0	\$120,000	\$120,000
43 Fund Balance			

AMENDING THE LAND CONSERVATION DEPARTMENT TO UTILIZE THE CURRENT ATC ACCOUNT FUND BALANCE TO COMMENCE ACTIVITIES ASSOCIATED WITH THE GROUNDWATER NITRATE INITIATIVE PROJECT

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44	<u>Use of Funds</u>			
45	62-6265-0000-62119	\$0	\$25,000	\$25,000
46	Other Contracted Services			
47	62-6265-0000-64928	\$0	\$80,000	\$80,000
48	Cost Sharing			
49	62-6265-0000-65109	\$0	\$15,000	\$15,000
50	Other Insurance			

Respectfully submitted:

LAND CONSERVATION COMMITTEE

FINANCE COMMITTEE ENDORSEMENT

\_\_\_\_\_  
Richard Bostwick, Chair

Reviewed and approved on a vote of \_\_\_\_\_.

\_\_\_\_\_  
Alan Sweeney, Vice Chair

\_\_\_\_\_  
Mary Mawhinney, Chair                      Date

\_\_\_\_\_  
Stephanie Aegerter

\_\_\_\_\_  
Brenton Driscoll

FISCAL NOTE:

\_\_\_\_\_  
Wes Davis

This resolution authorizes the appropriation of \$120,000 from the ATC fund balance that is designated for use by the PACE program. Once the 2018 ATC Environmental Impact Fee is received, this fund balance will be replenished.

\_\_\_\_\_  
Kara Hawes



Sherry Oja  
Finance Director

\_\_\_\_\_  
James Quade, USDA-FSA Representative

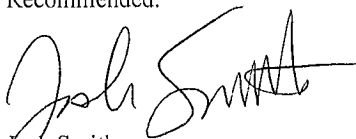
\_\_\_\_\_  
Jeremy Zajac

LEGAL NOTE:


ADMINISTRATIVE NOTE:

Recommended.

As an amendment to the adopted 2018 County Budget, this Resolution requires a 2/3 vote of the entire membership of the County Board pursuant to sec. 65.90(5)(a), Wis. Stats.



Josh Smith  
County Administrator



Richard Greenlee  
Corporation Counsel

**AMENDING THE LAND CONSERVATION DEPARTMENT TO UTILIZE THE CURRENT ATC ACCOUNT FUND BALANCE TO COMMENCE ACTIVITIES ASSOCIATED WITH THE GROUNDWATER NITRATE INITIATIVE PROJECT**

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**EXECUTIVE SUMMARY**

The County will receive environmental impact fees for the construction of a high voltage transmission line to be constructed by the American Transmission Company (ATC) in early 2018. This transmission line will commence at the newly constructed Alliant Energy power plant and terminate in western Rock County at the existing high voltage transmission line. Per State Statute, the fees collected as environmental impact fees must be used to support environmental and/or park projects, any deviation from these activities must be approved via a waiver by the Public Service Commission. Two line routes have been submitted to the Public Service Commission for consideration. The anticipated impact fees are estimated to be between \$796,960 and \$830,560, with ATC's preferred route impact fees estimated at \$796,960. The Land Conservation Department's estimated fee allocation from this project is estimated to be between \$398,480 and \$415,280. As of this date, the fees associated with this project have not been received by the County.

As part of the County Board Resolution 17-10A-369, the Land Conservation Committee recommended that \$120,000 be segregated to fund the County's Groundwater Nitrate Initiative. The remainder of the funds segregated to the Land Conservation Department will be used to fund ongoing projects; Clean Sweep and PACE.

The Groundwater Nitrate Initiative Workgroup has developed a plan to commence with the implementation of the groundwater nitrate reduction pilot project in spring of 2018, and the project will include the establishment of numerous observation wells within the selected areas. The establishment of these wells will assist the Workgroup with developing an understanding of the background nitrate levels within the areas prior to implementation of best management practices on the landscape. The estimated cost for the wells is \$25,000.

The resolution requests the utilization of existing fund balance within the Land Conservation Department's portion of ATC balance sheet in lieu of the anticipated receipt of funds in 2018. Also, this resolution also establishes an account within the Land Conservation Budget to accommodate the anticipated ATC Environmental Impact Fee deposit and allow for the project's expenditures.

## Rock County Farm Bureau

### **Proposal to Amend the Current Farmland Preservation State Income Tax Credit System to Allow for an Increase in Available Tax Credits and Extending the FPP Tax Credit to Landowners Who Have an Agricultural Conservation Easement.**

#### **BACKGROUND:**

The Wisconsin Farmland Preservation Program (FPP) was established by DATCP in 1978 as a voluntary program that offered an income tax credit to property owners whose land was protected by a 15-year FPP agreement or Exclusive Ag Zoning and the owner followed the state's soil conservation standards. The 15-year agreements were a way for landowners to participate if their land was not in an Exclusive Ag Zoning district. The credits were based on household income versus property taxes.

In 2010, DATCP put into effect significant changes to the FPP as part of the Working Lands Initiative, a suite of programs to protect farmland from development. Among the many changes to the FPP were setting new flat rates per acre for credits, adding a process for local areas with or without FPP zoning to establish Ag Enterprise Areas, and limiting new 15-year agreements to farms within an Ag Enterprise Area. The new credit rates are \$5/acre for new agreements (signed in 2010 or later) and no FPP zoning; \$7.50/acre for FPP zoning only; and \$10/acre for new agreements and FPP zoning. Participating landowners also had until 2016 to bring all of their farmland into compliance with updated state conservation standards.

At the same time, Working Lands Initiative offers a permanent easement program for agricultural land and enrolled lands are required to follow the same state conservation standards. However, if a landowner has a permanent agricultural easement that is not in an FP district or AEA, the landowner is not currently eligible to receive the FPP state income tax credit.

The premise of the FPP tax credit was to assure that landowners were compensated for the conservation stewardship and to offset the costs of implementing and maintaining the required conservation practices.

During this transition time for full implementation of the new conservation standards (NR151), the state wide program enrollment decreased. DATCP generates a bi-annual report for the FPP. The following information was gleaned from the 2015-2017 report. In 2013 the state wide enrollment in this program decreased from 13,864 claimants to 11,895 claimants. A net loss of 1,969 claimants. The corresponding acreage associated with these claims also decreased, from 2,570,897 acres to 2,294,417 acres. A net loss of 276,430 acres.

Most recently the statewide FPP tax credits claim levels near \$16 million dollars. Again gleaning information from the 2015-2017 DATCP Bi-annual report shows a decrease in tax credits being utilized: 2015 totaled \$18 million whereas in 2016 the amount decreased to below 2013 claim levels to \$16 million dollars. The report can be found on the DATCP website.

When the FPP was amended in 2010, a cap for this program was identified in § Section 71.613 (3) Limitations and Conditions. The cap for tax credits was set at \$27 million and if this cap was exceeded, all credits were to be pro-rated. This issue never materialized. So making the proposed adjustments to the allowable tax credits may not have a negative financial impact of the Programs welfare. The cap was proposed by combining the Farmland Tax Relief credit and the FPP credit, totaling \$27 million dollars. Please note the 2013-2015 biennial budget bill returned the credit to a sum sufficient appropriation that effectively removed the maximum FPP credit allowed. Refer to § Section 20.835(2) (do).

Recently the DATCP Soil and Water Cost Share Program, Administrative Code ATCP 50, was amended to allow for a greater cost share rate for the implementation of Nutrient Management. This cost share level was adjusted from \$7.50 per acre per year cost share rate to \$10.00 per acre cost share rate per year. The maximum cost sharing period allowed was four years. Hence the adjustment for the 4 years was from \$28.00/ac to \$40.00/ac for the allowed period of four years. The adjustment was completed due in part to DATCP staff recognizing that this practice cost to implement and maintain was increasing and future costs to implement and maintain this practice will continue to increase and the \$7.50 per acre would be outdated very soon.

### **PROPOSAL FOR CHANGE:**

This proposal requests the State of Wisconsin to increase the present FPP tax credit rates by \$2.50/per acre for each category of tax credit, as currently identified in Section 71.613 §, if the NR 151 performance standards set forth in § Section 91.80 and prohibitions have been implemented and all condition set forth in § Section 71.613(3) Limitation and Conditions have been met.

This proposal also requests extending FPP tax credits to individuals who donated and or have sold an agricultural conservation easement on their land regardless of the presence of exclusive agricultural zoning of the presence of an AEA. The State of Wisconsin, through the FPP should recognize these landowners for their accomplishment of the ultimate goal of farmland preservation, an easement in perpetuity.

Examples of how this idea would be implemented follows below. Please note that the list of examples provided are not meant to be all inclusive.

Section 71.613 (2) § Filing Claims will need to be amended. Following are recommendations for such amendments. Please note all corresponding administrative rules and state statutes will also need to be amended to accommodate the recommended changes.

#### **DATCP AGREEMENT EXAMPLES (Current tax credit rate \$5.00/ac)**

If a landowner who signed an FPP agreement with DATCP in the past, but does not implement the NR 151 performance standards and prohibitions, then that landowner's tax credit should remain at \$5.00/ac.

If a landowner is under an agreement with DATCP and is currently eligible for \$5.00/ac and if the landowner fully implements the NR 151 performance standards and observes the NR 151 Prohibitions, and has a **recorded agricultural conservation easement in perpetuity** then that Landowner should be eligible for a higher tax credit of: \$7.50/ac. tax credit. DATCP should be allowed to tender this group of landowners an amended 15 year agreement, keeping with the spirit of the 15 year agreement for the

AEA, which include the performance standard requirements and other new program provisions as of 2010.

**ZONING EXAMPLES (Current tax credit rate \$7.50/ac)**

If a landowner currently participates in the FPP and doesn't have a recorded agricultural conservation easement in perpetuity, but has implemented the NR 151 performance standards and prohibitions, therefore has been determined to be in compliance, that landowner's tax credit should increase from \$7.50/ac. to \$10.00/ac.

**AGRICULTURAL ENTERPRISE AREA (Current tax credit rate \$10.00/ac)**

If a landowner who participates in FPP and currently has a certificate of compliance with the NR 151 performance standards and observes the prohibitions and has entered into a 15 year agreement with DATCP under the provisions of the AEA; the that landowner's tax credit should increase from \$10.00/ac to \$12.50 ac.

If a landowner who participates in the FPP and currently has a certificate of compliance with the NR 151 performance standards and observes the prohibitions, has entered into a 15 year agreement with DATCP under the provisions of the AEA and also a **recorded agricultural conservation easement in perpetuity**, that Landowner should be eligible for a higher tax credit than FPP participants who participate through zoning. Currently there is no tax credit available to acknowledge an easement, therefore we propose the **establishment of a new credit level** of \$15.00/ac.

**NEW EXAMPLE (No tax credit rate established)**

If a landowner who is not included in a zoning district, an AEA or has an agreement with DATCP, but has a **recorded agricultural conservation easement in perpetuity, which includes the NR 151 performance standards and prohibition language**, then that landowner should be rewarded with FPP credits to acknowledge the protection of farmland, therefore we propose the **establishment of a category and a new credit level**: \$10.00/ac. DATCP should be allowed to tender this group of landowners an agreement similar to the current AEA Agreement.

**CLOSING COMMENTS:**

Please note that additional examples can be developed, but the above examples serve to show the need to include/reward landowners who have committed their property with the ultimate farmland preservation protection, an easement in perpetuity. Also, we tried to identify the need to increase the current FPP tax credits allowed to assist with implementation and maintenance of Best Management practices. Finally we are requesting that FPP Tax Credits should be reviewed on a more regular basis.

