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 TRADE & CONSUMER PROTECTION
 Division of Agricultural Resource Management
 Bureau of Land Resources
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Worksheet for Estimating Farmland Tax Credits - Agreements

Based on Law as Amended Through August, 1994

The tax credit calculation will be illustrated for landowners claiming as individuals, partners, or shareholders in a Sub-chapter S corporation. Trusts, estates, and other entities will not be covered. All calculations here should be considered *estimates only*. Precise calculations can be made by obtaining the farmland preservation tax credit form (Schedule FC) and instructions from the Department of Revenue or the Farmland Preservation Program Office of the Department of Agriculture, Trade and Consumer Protection.

There are several requirements for claiming the credit, including:
 (1) the landowner must be a legal resident of the state the entire year;
 (2) the landowner must own the farmland during the year for which the credit is claimed; (3) land must produce gross receipts of \$6,000 or more each year OR \$18,000 in the past three years OR at least 35 acres must be enrolled in the federal conservation reserve program; (4) the

land must be enrolled in the federal conservation reserve program; (4) the land must be subject to a farmland preservation agreement signed by owner(s) and state.

The amount of tax credit will vary, depending on the household income and the amount of farm real estate taxes. "Household Income" for the farmland preservation credit includes *NET* farm income plus income from other sources. Household income for partners and Subchapter S corporation shareholders is calculated in the same way as household income for individual owners.

Thus, for individuals, the credit under the program can be estimated by using last year's actual tax figures for the family, or by estimating the family's current year's figures for the following calculations:

1. Wisconsin Total Income from Wisconsin Form 1 or 1A.

1a Claimant's Incomex _____

1b Spouse's Income+ _____

1c Dependent Children's Farm Income+ _____
 Include only the farm income, including wages, earned on the farm to which the credit applies and if child is under age 18 while a member of the household. (If these family members received income but did not file a return because the amount was less than the minimum filing requirement, add this amount to the income listed above.)

2. Add back any of the following items that were previously excluded or deducted from Wisconsin Total Income+ _____
 Farm depreciation in excess of \$25,000; nonfarm business losses; nonfarm depreciation; capital gains; gain on the sale of principal residence; dividends; contributions to individual retirement accounts and Keogh plans; intangible drilling costs, depletion allowances; gain on the exercise of qualified or restricted stock options, capital loss carry forward; amortization;

3. Other Income+ _____
 Includes unemployment compensation; social security and SSI payments before any deduction of Medicare premiums; support money; veterans' pensions and disability payments; interest on U.S. securities; workers compensation and loss of time insurance; cash public assistance and relief; scholarships, fellowship grants and GI Bill benefits; nontaxable military compensation or cash benefits; minister's housing allowance; value of resident manager's free or reduced rent; nontaxable income of an American Indian; nontaxable income from sources outside Wisconsin; nontaxable deferred compensation; income from a nonresident or part-year resident spouse who is married to a full-year resident; and pensions, annuities and railroad retirements benefits, unless already included in income elsewhere.

4. TOTAL INCOME (add Lines 1-3)= _____

5. Farm Real Estate Property Taxes for Land Covered by Agreement (up to \$6,000)x _____
 Partners and Subchapter S corporation shareholders enter that portion of the total property tax bill which represents your ownership interest in the partnership or corporation.

6. Maximum Potential Tax Creditx _____
 Using the following table, find the row and column which most closely approximates your TOTAL INCOME (Line 4) and the estimated farm real estate property tax for land covered by the program (Line 5). The property tax and income figures should be for the same year. The amount in the table is an estimate of the maximum tax credit under the farmland preservation program. This line should be \$4,200 or less.

7. A. ESTIMATE OF ACTUAL TAX CREDITx _____
 Landowners with a farmland preservation agreement are eligible for 80% of the amount listed in the table.

OR

7. B. MINIMUM TAX CREDITx _____
 Landowners whose property is subject to a farmland preservation agreement are eligible for a credit equal to 10% of real estate taxes on the subject property, regardless of income. Enter 10% of the amount shown on Line 5 (real estate taxes) here. If that number exceeds the estimate of actual credit shown on Line 7, you will benefit by claiming the 10% minimum credit.

MAXIMUM TAX CREDIT SCHEDULE: FARMLAND PRESERVATION LAW*

Real Estate Taxes**

Income from line 4 of worksheet	250	500	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,750	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	5,250	5,500	5,750	6,000
\$1 or less	225	450	675	900	1,125	1,350	1,575	1,800	1,975	2,150	2,325	2,500	2,675	2,850	3,025	3,200	3,325	3,450	3,575	3,700	3,825	3,950	4,075	4,200
2,500	225	450	675	900	1,125	1,350	1,575	1,800	1,975	2,150	2,325	2,500	2,675	2,850	3,025	3,200	3,325	3,450	3,575	3,700	3,825	3,950	4,075	4,200
5,000	225	450	675	900	1,125	1,350	1,575	1,800	1,975	2,150	2,325	2,500	2,675	2,850	3,025	3,200	3,325	3,450	3,575	3,700	3,825	3,950	4,075	4,200
7,500	67	292	517	742	967	1,192	1,417	1,642	1,852	2,027	2,202	2,377	2,552	2,727	2,902	3,077	3,237	3,362	3,487	3,612	3,737	3,862	3,987	4,112
10,000	25	135	360	585	810	1,035	1,260	1,485	1,710	1,905	2,080	2,255	2,430	2,605	2,780	2,955	3,130	3,275	3,400	3,525	3,650	3,775	3,900	4,025
12,500	25	50	157	382	607	832	1,057	1,282	1,507	1,732	1,922	2,097	2,272	2,447	2,622	2,797	2,972	3,147	3,287	3,412	3,537	3,662	3,787	3,912
15,000	25	50	75	180	405	630	855	1,080	1,305	1,530	1,755	1,940	2,115	2,290	2,465	2,640	2,815	2,990	3,165	3,300	3,425	3,550	3,675	3,800
17,500	25	50	75	100	157	382	607	832	1,057	1,282	1,507	1,732	1,922	2,097	2,272	2,447	2,622	2,797	2,972	3,147	3,287	3,412	3,537	3,662
20,000	25	50	75	100	125	150	360	585	810	1,035	1,260	1,485	1,710	1,905	2,090	2,255	2,430	2,605	2,780	2,955	3,130	3,275	3,400	3,525
22,500	25	50	75	100	125	150	175	202	427	652	877	1,102	1,327	1,552	1,777	1,957	2,132	2,307	2,482	2,657	2,832	3,007	3,182	3,312
25,000	25	50	75	100	125	150	175	200	225	270	495	720	945	1,170	1,395	1,620	1,835	2,010	2,185	2,360	2,535	2,710	2,885	3,060
27,500	25	50	75	100	125	150	175	200	225	250	275	300	337	562	787	1,012	1,237	1,462	1,687	1,887	2,062	2,237	2,412	2,587
30,000	25	50	75	100	125	150	175	200	225	250	275	300	325	350	375	405	630	855	1,080	1,305	1,530	1,755	1,940	2,115
32,500	25	50	75	100	125	150	175	200	225	250	275	300	325	350	375	400	425	450	475	500	525	550	575	600
35,000	25	50	75	100	125	150	175	200	225	250	275	300	325	350	375	400	425	450	475	500	525	550	575	600
37,500	25	50	75	100	125	150	175	200	225	250	275	300	325	350	375	400	425	450	475	500	525	550	575	600
40,000	25	50	75	100	125	150	175	200	225	250	275	300	325	350	375	400	425	450	475	500	525	550	575	600

* Based on the law as amended through 1988. Actual credits for amounts ABOVE the line in each column equal 80% of the amount shown. Actual credits for amounts BELOW the line equal the amount shown. This is the 10% minimum credit available to landowners with farmland preservation agreements beginning with the 1988 tax year.

** Real estate taxes on land and improvements covered by the agreement LESS special assessments such as dog license fees, Woodland tax, personal property tax, etc

The state agrees to provide the tax credits as calculated under the formula in the law, providing that all of the requirements for tax credits are met by the owner. If the formula changes in the future, the owner is guaranteed credit as calculated by the formula in effect when the contract was signed, or a higher credit if the new formula so provides. The minimum level of credit for an agreement will be as the law exists when the agreement takes effect. By law, the effective date is the date the signed agreement is either mailed or delivered to the department.