

How to Claim the Farmland Preservation Tax Credit *Guidance for landowners and tax preparers*

Wisconsin Department of Agriculture, Trade and Consumer Protection
August 2013

Eligible landowners may claim a farmland preservation tax credit on their income tax return in return for keeping the land in agricultural use and complying with the state's soil and water conservation standards. These conservation standards, also known as agricultural performance standards, protect the water resources and soil productivity that are vital for maintaining the agricultural industry.

If you are an eligible landowner, you may file **Schedule FC-A** with your income tax return to collect one of the following per acre credits:

- \$5.00 for landowners with a farmland preservation agreement signed after July 1, 2009¹ and located in an agricultural enterprise area
- \$7.50 for landowners in an area zoned for farmland preservation
- \$10.00 for landowners in an area zoned for farmland preservation and in an agricultural enterprise area, with a farmland preservation agreement signed after July 1, 2009

Step 1: Determine Eligibility to file Schedule FC-A

If you can answer "Yes" to the questions below, you are eligible to claim the farmland preservation tax credit using **Schedule FC-A**.

- A. Is my land covered by one of the following; (a) a certified farmland preservation zoning district, (b) a farmland preservation agreement signed or modified after July 1, 2009, or (c) both of these?

Note: Contact your town or county zoning office to confirm the applicable zoning.

- B. Does my land produce \$6,000 in gross farm revenue the previous year or \$18,000 in gross farm revenues over the previous three years?

- C. Have the property taxes owed from the previous year been paid?

- D. Have I spoken to my county's conservation department to obtain either a certificate of compliance to show that I comply with the state's soil and water conservation standards, or to develop a performance schedule to come into compliance with the conservation standards?

Note: Only eligible landowners who have been claiming the farmland preservation tax credit since 2009 may receive a performance schedule to meet compliance requirements. Other eligible landowners claiming the credit for the first time must obtain a certificate of compliance prior to claiming the credit.

¹ Please note that if you have a farmland preservation agreement signed before July 1, 2009 that has not been modified, you must continue to use **Schedule FC** to claim your tax credit. More information on modifying agreements is available on the DATCP website at <http://workinglands.wi.gov>.

Step 2: Submit the Appropriate Paperwork

1. Schedule FC-A

Nearly all eligible landowners will need to submit Schedule FC-A when filing the tax credit claim. The only exception is for landowners who have a farmland preservation agreement entered into prior to July 1, 2009 that has not been modified. These landowners must continue to use **Schedule FC**.

If you are a landowner whose land is covered by a certified farmland preservation zoning district then you must use **Schedule FC-A** which will allow you to claim a tax credit equal to \$7.50 per acre

If you are a landowner that has entered into a new farmland preservation agreement after July 1, 2009 or you modified an old farmland preservation, then you must use **Schedule FC-A** to file your claim. This will allow you to claim a tax credit equal to \$5 per acre (or \$10 per acre if the land is also in a certified farmland preservation zoning district).

2. Certificate of compliance with state soil and water conservation standards

If you are an eligible landowner who did not collect a farmland preservation tax credit in the previous year, you must obtain a certificate of compliance from the county land conservation committee to be eligible to receive the tax credit. This certificate must be included with the tax return.

If you are an eligible landowner who did collect the farmland preservation tax credit in the previous year, you should also contact your county land conservation department. If you have not received a certificate of compliance, you will need to work with the county to develop a performance schedule to come into compliance with the conservation standards. Although you must be in compliance with the standards or you must have a performance schedule to come into compliance, you do not need to submit this documentation with your tax return.

Commonly Asked Questions

What are the Soil and Water Conservation Standards?

The soil and water conservation standards (agricultural performance standards) include those listed in [ATCP 50, WI Adm. Code](#), which includes requirements for soil erosion control, nutrient management planning, installation of clean water diversion, standards for manure storage facilities, and prohibitions for manure management. These agricultural performance standards are required for all farmers participating under farmland preservation zoning and for all farmers with a farmland preservation agreement applied for after 2004. Farmers with agreements applied for previous to 2004 are subject to the soil and water conservation standards applicable when they applied for the agreement, which generally include standards for controlling soil erosion. Contact your county land conservation department for more information.

What counts towards the gross farm revenue requirements?

Gross farm revenue means that the land produced \$6,000 in gross farm revenue the previous year or \$18,000 over the previous three years. If the land is rented out, the actual rental payment received by the landowner is not counted toward gross farm revenue. Other payments received, such as payments for enrolling land in the federal conservation reserve program (CRP), and other state and federal programs, can be used to meet the gross farm revenue requirement

I have a farmland preservation agreement that was signed prior to July 1, 2009. What do I need to do to claim the farmland preservation tax credit?

You may continue to claim the farmland preservation tax credit as you always have by using Schedule FC. If you wish to claim the per acre tax credit available to landowners after July 1, 2009, you may modify your existing farmland preservation agreement. Once your agreement is modified, you must file Schedule FC-A. More information on modifying your agreement is available at <http://workinglands.wi.gov>.

In the past, it was required that I attach a zoning certificate to my income tax return to claim the farmland preservation tax credit. Do I still need to do this?

No. The law no longer requires landowners to submit a zoning certificate. In some instances, the Department of Revenue may follow up with claimants to certify that the number of acres listed on Schedule FC-A are eligible for the tax credit. In these instances, the landowner should work with the county or town zoning office to get documentation to show that the acres are eligible for the credit. Acceptable documentation could include a zoning certificate or a letter from the appropriate zoning administrator.

Is land under the Managed Forest Law eligible for the tax credit?

Land that is under the Managed Forest Law (MFL) is eligible for the tax credit using Schedule FC-A if the other minimum requirements, including the gross farm revenue, are met. Landowners under old agreements with land in MFL who must use Schedule FC are not eligible to claim the tax credit on this land.

Can a farmer receive a tax credit if they also apply for the Homestead Tax Credit?

A farmer is not eligible for the farmland preservation tax credit if they choose to apply for the Homestead Tax Credit on any of their land.

Are there enough state funds to cover the tax credits?

The state is obligated to pay the full amount for all tax credits claimed in a given tax year. There is no cap on the amount of credit that an individual can claim or on the amount of acreage eligible for a credit.

For more information on the farmland preservation tax credits, contact Kris Modaff, DATCP, (608) 224-4633 or Elaine Kroeger, Wisconsin Department of Revenue, (608) 266-2442.