

Understanding Agricultural Enterprise Areas (AEAs) and the Petition Process

Wisconsin Working Lands Initiative

An “agricultural enterprise area” (AEA) is a tool that can help individuals and communities meet locally identified goals for preserving agricultural land and encouraging agricultural economic development.

An AEA is an area of contiguous land primarily in agricultural use that has been designated by the Department of Agriculture, Trade and Consumer Protection (DATCP) in response to a locally developed petition.

Benefits of AEA Designation

Eligible farmers in a designated area can enter into *voluntary* farmland preservation agreements with DATCP. Farmers with an agreement receive income tax credits in return for keeping their land in agricultural use for a minimum of 15 years. Tax credits available to farmers in an AEA are:

- \$5 per acre for land that is covered by a farmland preservation agreement, or
- \$10 per acre for land that is covered by a farmland preservation agreement *and* located in a certified farmland preservation zoning district.

An AEA is only designated if it is identified by the local community as an area that is valuable for current and future agricultural use. This local input into the process is important to achieve identified goals.

Overall, the designation is a tool that can be used to protect the agricultural land base for continued production. In addition, the designation can help to promote investment in agriculture, agricultural infrastructure and agricultural-related businesses.

What AEA Designation Does Not Do

The designation of an AEA does not, by itself, control or limit land use within the designated area. Designation of an AEA also does not specifically protect areas from encroaching development or land use conflicts. Local designation of an AEA, however, can be used as part of a local land use and development strategy designed to preserve, protect and promote agricultural enterprises. This local strategy may include a variety of local initiatives including farmland preservation planning and zoning, voluntary farmland preservation agreements, agricultural and conservation easements, private land use covenants and donations, economic development grants, cooperative agreements, financial incentives and more.

It is up to local initiative to design a strategy that adequately addresses local conditions and the community’s vision for the area. All components should work together to contribute to the success of any designated AEA.

DEFINITIONS

Contiguous: Parcels that meet at more than one point and are only separated by a lake, stream, or transportation or utility right-of-way.

Eligible farms: Must have at least \$6,000 in “gross farm revenues” in the past year, or \$18,000 over the past 3 years.

Farmland preservation agreement: A voluntary agreement between the state and the landowner that enables farmers in a designated AEA to claim income tax credits by agreeing to keep their land in agricultural use for 15 years.

Gross farm revenue: Gross receipts from agricultural use of a farm, excluding rent receipts, less the cost or other basis of livestock or other agricultural items purchased for resale which are sold or otherwise disposed of during the taxable year.

Primarily in agricultural use: The amount of land that is in actual agricultural use as defined by ch. 91.01(2).

Agricultural Enterprise Areas

Agricultural Enterprise Area Petition Process

To have an area designated as an agricultural enterprise area, farm owners and local governments must work together to submit a petition to the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP). By working together and by drawing in other local stakeholders including ag-related businesses, economic development experts and other interested individuals, the community can better ensure adequate support for an AEA selected for designation.

1. Request for Petitions Released

DATCP will release a request for petitions to begin the process of designating AEAs. Once the petition period is open, petitioners may submit a petition, using a form developed by the department, to request designation of an AEA. The petition provides information that will be evaluated during the selection process. To view the prior year's petition form, visit: <http://workinglands.wi.gov>.

2. Developing the Petition

The designation of an AEA will be based on selection of a local petition that demonstrates a cooperative local commitment to both agricultural preservation and agricultural development in the designated area. Farm owners and local governments play the leading role in planning and designing agricultural enterprise areas. The petition process may be initiated by either the landowners or by a local government. DATCP expects, and welcomes a variety of local approaches to petition development.

A petition must be signed by at least 5 eligible farm owners and all political subdivisions located within the proposed AEA. Additionally, the political subdivisions located in a proposed AEA must pass a resolution in support of the designation of the AEA. Others may sign the petition as cooperators or submit a letter in support of the designation.

In developing the petition, petitioners are asked to state the goals of the proposed area for the preservation of agricultural land use and agricultural development. Petitioners must identify activities that will aid in achieving the goals including adopting appropriate land use controls, development of a strategy to encourage farmland preservation agreements, and identifying activities to promote agricultural economic development.

Another important component of the petition process is determining the boundary of the proposed area. The proposed boundary must:

- Contain land owned by all interested farm owner petitioners.
- Be located within a certified farmland preservation area.
- Consist of contiguous land area (land owned by petitioning farm owners need not be contiguous).
- Be primarily in agricultural use.
- Consider other relevant factors such as agricultural infrastructure and soil and water resources

Public outreach activities are an important aspect of petition development and public meetings, open houses, and newsletter articles during petition development can inform landowners about the program and help to identify interested farm owner petitioners. This outreach will also help to identify the appropriate boundary for the proposed AEA and for determining if there is adequate support for the designation.

Agricultural Enterprise Areas

3. Submitting the Petition

Once the petition is developed, petitioners must submit a hard copy of the completed petition form, including supporting documentation and maps, signature pages and resolutions. The petition materials must also be submitted electronically, along with the proposed AEA map and the spatial location data for the AEA boundary. Submission instructions and the submission deadline can be found in the department's request for petitions.

4. Selection and Designation of Agricultural Enterprise Areas

DATCP works with an evaluation team to review the submitted petitions. The evaluation process is competitive and the team provides designation recommendations. Once a petition is recommended by the evaluation team and selected for designation, the AEA is designated by order of the Department of Agriculture, Trade and Consumer Protection and a notice of the order is published in the official state newspaper. The designation takes effect on January 1 of the following year.

Petition Assistance

Communities interested in pursuing designation have found it valuable to identify someone to coordinate the petition development process and related public outreach activities. Help for past petitions has come from town and county government officials, county or town land conservation or planning staff, county extension agents and staff at regional planning commissions. Establishing a network of other diverse stakeholders, including local and regional economic development experts, can also help to develop AEA goals and a strategy to achieve the stated goals.

For additional assistance, petitioners may contact the state Department of Agriculture, Trade and Consumer Protection at DATCPWorkingLands@wisconsin.gov, or at (608) 224-4625.

A guidance document used during the prior year petition cycle is available for review at <http://workinglands.wi.gov>.

Next Steps for a Designated Agricultural Enterprise Area

The designation of an AEA remains in effect unless terminated by order of the department. Once an AEA is designated, the eligible farm owners within the area should consider signing a farmland preservation agreement with the state to protect the land for agriculture and collect state tax credits.

In addition, following designation, the local farm owners, local governments and other partners should work together to promote the stated agricultural preservation and agricultural development goals. These goals can be furthered through implementation of the activities and land use controls identified as part of the petition process.

The landowners and the local governments may also identify other opportunities that could help to accomplish stated goals. For additional information or assistance, the landowners and local governments may contact the state Department of Agriculture, Trade and Consumer Protection at DATCPWorkingLands@wisconsin.gov, or at (608) 224-4625.

Frequently Asked Questions

Who initiates the AEA petition?

Submission of a petition for designation of an Agricultural Enterprise Area is initiated at the local level. Past petitions were initiated by interested landowners or an interested local government.

Since the AEA must be contiguous, does that mean the farm owner petitioner's must own contiguous land?

No. Although the AEA boundary must be contiguous, the land owned by the farm owner petitioners need not be contiguous with each other. As a result, it is likely that the boundary will also include land owned by others who are not petitioners.

Does the entire area have to be used for agriculture?

No. The statute requires that the area be "primarily" for agriculture. Therefore, it is acceptable, and likely, that the proposed area will include some non-agricultural land-uses. As long as the primary use of the proposed area is agriculture, the petition may be considered for designation.

If my land is included within the AEA boundary, is my land use restricted?

No. Designation of an AEA does not restrict land use. It is important to note that local regulations and restrictions within the designated area, such as a zoning ordinance, are still applicable.

Once the area is designated, are we automatically eligible to collect the \$5/acre (or \$10/acre if also zoned for farmland preservation) tax credit?

No. In order to be eligible for the farmland preservation tax credit available to landowners within a designated AEA, the landowner must enter into a farmland preservation agreement with the state. This agreement requires the land to be in agricultural use for the next 15 years. It is not required that a landowner enter into this agreement unless they wish to claim the tax credit.

How long is the designation in effect for?

The designation of an AEA remains in effect unless the designation is terminated by order of the department.



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