

WISCONSIN Working Lands Initiative



Report from the Steering Committee
August 17, 2006

Working Lands Initiative ~ Wisconsin

Letter to Secretary Nilsestuen

July 2006

Rod Nilsestuen, Secretary
Department of Agriculture, Trade and Consumer Protection
2811 Agriculture Drive
Madison, WI 53708

Dear Secretary Nilsestuen:

On behalf of the Working Lands Initiative Steering Committee, we are pleased to submit the enclosed report to you.

The Committee has met each month since July 2005 in open meetings. Our early meetings were largely spent receiving information from experts in various fields relevant to the issues affecting working lands. In our more recent meetings, we discussed problems and possible solutions and developed the enclosed recommendations. Each meeting included an opportunity for public comment from interested citizens and we understand that many citizens watched the webcast of our meetings.

As individuals and representatives of organizations, we brought our ideas, recommendations for action, and personal and professional perspectives to our discussions. We support the resulting recommendations for action presented in this report and offer them for further discussion by state leaders, elected officials, and the citizens of Wisconsin. We do not want this report to simply sit on the shelf. We intend these recommendations to be put into action and we look forward to participating in the public dialog that is the next step in making that happen.

Some of our recommendations are more detailed than others, but in all cases many more details will need to be worked out in order to put these recommendations into action. Working out these details may raise issues that are not addressed in our report, and Committee members or their constituencies may have differing views on some of these implementation details. As this process unfolds, we respect one another's right to take what may be differing positions on the most effective ways to implement these recommendations.

Thank you for the confidence you placed in the Committee and for giving each of us the opportunity to be active participants in this important issue.

Sincerely,



Dan Poulson and Linda Bochert, Co-Chairs

On behalf of the members of the Working Lands Initiative Steering Committee

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Steering Committee

Working Lands Initiative Steering Committee

Dan Poulson	Former President, Wisconsin Farm Bureau Federation
Linda Bochert	Michael Best & Friedrich
Dick Barrows	UW-Madison — CALS
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Denny Caneff	River Alliance of Wisconsin
Dick Cates	DATCP Board
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Vicki Elkin	Gathering Waters Conservancy
Rob Gottschalk	Vandewalle & Associates/Blue Planet Partners
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Margaret Krome	DATCP Board
Tom Larson	Wisconsin Realtors Association
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Bill Oemichen	Wisconsin Federation of Cooperatives
Gary Rohde	Former Secretary, Wisconsin DATCP
Sharon Schmeling	Jefferson County Board Chair
Rick Stadelman	Wisconsin Towns Association
John Torinus, Jr.	Serigraph, Inc.
Curt Witynski	League of Wisconsin Municipalities

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Forward

Forward

By Rod Nilsestuen

Secretary of the Wisconsin Department of Agriculture, Trade and Consumer Protection

No matter how big our economy grows, no matter how technology advances, no matter how global our society, we need people to till the land, produce our food, harvest timber, produce our paper, and conserve our most basic and precious resource, Wisconsin's productive working lands.

A healthy forestry sector, a healthy farm sector, and healthy rural communities need constant infusions of new producers and foresters. These men and women will help Wisconsin agriculture and forestry grow, introduce new ideas and approaches – whether grazing, fish farming, or marketing at the high-end – and enrich our state economy while providing a good life for themselves and their families.

Throughout time, the working lands of Wisconsin have been the source of traditional commodities for the marketplace including corn, soybeans, hay, milk, and beef from agriculture and wood, pulp, and paper from forestry. But working lands are about more than these critical commodities.

The foundation of our working lands is the soil, a complex, living system, which is the basis of all life. If we maintain our working lands, their productivity will be sustained by recycling what was once living into new life. Soil on our farms harbors a host of microorganisms that perform an array of functions that sustain life. The working lands' soils also buffer the multitude of foreign substances our industrial society releases into our environment. Working lands provide a healthy soil that can help to process those wastes, although agricultural land alone cannot offset the need for less polluting urban and industrial activities.



Photo by USDA NRCS

Soil on our farm and forestland is also a critical component of the carbon cycle. In this era of accelerated fossil fuel use, our soil, if we maintain our working lands, can sequester carbon, thus helping to stabilize global climate change.

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Forward

Our working lands are homes for people and for many plants and animals that inhabit the earth. If we maintain our working lands, we can continue to coexist with this rich array of life. Working lands produce abundant food and fiber, paper and pulp and now are a source of biomass for fuels, energy, and the products of the future. Working lands are the home and neighbor to someone. We need to find ways to live and work together in cooperation, not in conflict, as far too often occurs with unplanned land use.

Yet, as we know from simple observation, we continue to lose too many acres of farmland every year, and in many cases, it is the best farmland that we have. Of equal concern, we are losing forests and farms in a fragmented fashion that increases urban-rural (and rural-rural) conflicts, and deprives us of the land base and infrastructure we need for agricultural development and profitability.

We have developed policies and programs to address these concerns. The state's Farmland Preservation Program, use-value assessment policy, and comprehensive planning process play important roles. The Department of Natural Resources' programs in forest management have been very successful, but changes in our forestland ownership also require new strategies and approaches.

Overall, our tool kit needs to be updated and expanded to meet today's needs and tomorrow's challenges. To that end, I appointed the Working Lands Initiative Steering Committee last July. The Steering Committee consisted of 26 Wisconsin residents from agriculture, local government, forestry, various private sector businesses, the University of Wisconsin System, and non-profit organizations.

On behalf of the Department of Agriculture, Trade and Consumer Protection and the citizens of Wisconsin, I extend profound thanks to the Steering Committee members for their significant contribution to this critical issue.

**For more information on Wisconsin's working lands and
on the proceedings of the Working Lands Initiative Steering
Committee, please visit the
Working Lands Initiative website at**

<http://www.datcp.state.wi.us/workinglands/index.jsp>

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Photo by USDA NRCS

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Executive Summary

Executive Summary

Recommendations for Action

The Working Lands Initiative Steering Committee recommends the following package of new and updated tools to protect and enhance working lands:

- ⊕ Update the existing Farmland Preservation Program to improve agricultural planning and zoning, increase tax credits, and improve the flexibility of local governments to administer the program;
- ⊕ Create a new Working Lands Enterprise Areas program to foster clustering of active farms and slow farmland conversion, while providing incentives to promote environmental sustainability;
- ⊕ Create a new state Purchase of Development Rights grant program to permanently preserve selected properties, working in partnership with local governments and organizations;
- ⊕ Create a beginning farmer and logger program to improve farm viability and recruit and train the next generation of farmers and loggers;
- ⊕ Support the Wisconsin Professional Loggers Association's programs that promote the current and encourage the next generation of loggers;
- ⊕ Promote opportunities to increase non-agricultural development density and quality of life, using land more efficiently and reducing demand for conversion of working lands;
- ⊕ Improve state leadership in working lands preservation to set statewide priorities and provide technical resources and assistance to local governments;
- ⊕ Create a new education and outreach program to help local governments implement working lands programs and increase public understanding and support of programs;
- ⊕ Create a new public/private organization to promote agricultural entrepreneurship and regional initiatives, and strengthen the state's existing programs that offer grants and technical assistance to farmers; and
- ⊕ Endorse various Department of Natural Resources programs and pilot programs that are addressing forestry and public lands issues. These include the Forest Legacy Program and Managed Forest Law, the Healthy Forests Initiative, and the Land Legacy Program.

The Challenge

Wisconsin is at a turning point. The extensive farmland that established our character as the dairy state is rapidly disappearing to development in many parts of the state. The forested lands that built our paper and recreation industries are being sold as small, private lots. These changes are essentially irreversible, and are accelerating.

However, they are *not inevitable* results of economic growth and population increases. On the contrary, it is the way we *choose to use our lands* that leads to these losses. We can markedly improve our economic growth, public services, and quality of life by using our lands more wisely and by helping the agricultural industry increase farm profitability. It is easier to protect farmland when the farm operations on the land are profitable.

Surveys of Wisconsin citizens show that high percentages of citizens favor protection of farm and forestlands and preservation of the rural character of their towns and counties.

We are in danger of missing an important opportunity to shape the future of Wisconsin. Working lands remain central to the economic growth of the state, to our quality of life, and to the environment. However, we have allowed our policy tools to become outdated and underpowered.

In the 1970s, Wisconsin was a national leader in farmland preservation when it enacted the Farmland Preservation Program. Since then, Wisconsin has changed markedly. Our working lands toolkit has not. As a result, landowners, local governments, and state policy makers are not able to take the actions necessary to capitalize on the opportunities offered by working lands and to avert the threats to working lands.

Managing Growth

The issue is not *should* we grow; the issue is *how* should we grow. The Wisconsin economy benefits from smart growth in housing and commercial building. Our goal is to find new approaches to planning and zoning, and policies that promote residential and commercial development while also preventing the further loss and fragmentation of Wisconsin working lands.

The Threats

Wisconsin working lands face many threats, which will continue for the foreseeable future.

- ⊕ Wisconsin's population continues to grow.
- ⊕ Economic trends in international trade, forestry, and agriculture are reducing the profitability of working lands.
- ⊕ Housing density is decreasing.
- ⊕ Zoning classifications and minimum lot sizes are fostering conversion of working lands.
- ⊕ Total agricultural land is declining and remaining land is fragmenting.
- ⊕ Forested land is being fragmented and parcelized for recreational and other uses.
- ⊕ The workforces in agriculture and forestry are aging.
- ⊕ Land prices are rising rapidly.
- ⊕ The economic infrastructure necessary for agriculture and forestry is declining.

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Executive Summary

The Opportunities

Working lands offer many benefits to Wisconsin, now and in the future. In particular, agriculture's direct economic impact is \$22.3 billion annually, forestry's is \$22.1 billion annually, and tourism's is \$11.9 billion annually. Other benefits include:

- ⊕ **Bioeconomy.** Wisconsin is well positioned to lead the bioeconomy because of its agriculture and forestry infrastructure. Working lands in agriculture and forestry can provide the biomass needed for fuel, electricity, chemicals, and products for Wisconsin.
- ⊕ **Diverse Agriculture.** Wisconsin's agricultural diversity helps the growth of value-added agriculture and contributes significantly to the state's economy.
- ⊕ **High Quality Urban Development.** Development that maintains working lands can support urban development that will make the state attractive to businesses and professionals, preserve housing values, meet housing needs, and use public funds efficiently.
- ⊕ **Ecological Services.** Working lands provide ecological services that promote environmental quality, sustain economic growth and improve quality of life. These include wildlife habitat, protection of stream banks, flood control, groundwater recharge, carbon sequestration, and scenic vistas.
- ⊕ **Security for the Future.** Wisconsin's farmland and agricultural economy can provide the food needed for the region in the event that fuel prices or other problems disrupt the nation's food transportation system.



Photo by USDA NRCS

Goals of the Working Lands Initiative

- ⊕ **Maintain healthy forestry, agriculture, and tourism** sectors of Wisconsin by preserving assets of clean waters, vibrant forests, and rich farmland.
- ⊕ **Grow the forestry and agriculture sectors** by fostering the supply of biomass for the emerging bioeconomy in Wisconsin.
- ⊕ **Provide new tools to counteract fragmentation and parcelization** of forest and agriculture land while allowing local economic development and promoting protection of Wisconsin's critical mass of farmland.
- ⊕ **Work with housing and business development sectors** and the transportation industry on growth strategies that complement agriculture, forestry, and tourism and identify areas for expansion and growth of housing and manufacturing.
- ⊕ **Preserve and showcase historic and tourism assets** of Wisconsin communities.
- ⊕ **Stimulate value-added economic opportunities and value chains** to strengthen agriculture and forestry and keep wealth in Wisconsin.
- ⊕ **Stimulate local ownership and cooperatives** in the bioeconomy to keep wealth in Wisconsin.
- ⊕ Reach across traditional town, village, city, and county jurisdictions for **cooperative economic growth and public service**.
- ⊕ **Forge new public and private partnerships** to conserve working forestlands and farmlands.
- ⊕ Create meaningful ways to **educate and engage the public** in developing the vision for their community.
- ⊕ Seek additional **federal and state funds** to meet these goals.
- ⊕ Seek a **state vision and leadership** for the future of working lands.



Artwork by USDA NRCS

Working Lands Initiative ~ Wisconsin

Our Opportunities, Our Challenges

Wisconsin Working Lands: Our Opportunities, Our Challenges

The working lands of Wisconsin are at a tipping point today. Dramatically changing global economic factors combined with the loss and fragmentation of working lands threaten our long-term economic growth.

The residents of Wisconsin have a choice as to whether to take key critical public policy steps necessary to tip the balance toward protecting Wisconsin working lands or maintaining the status quo — a path that will likely continue to erode our landscape as we know it today.

Wisconsin can promote sustainable economic strategies through a steady incremental shift to renewable fuel and energy sources — sometimes called the bioeconomy — by developing a comprehensive strategy that includes protecting working lands. Conversely, our core economic engines in food and fiber, paper and pulp, and supportive types of manufacturing could decline without a long-term plan that maintains the Wisconsin working lands of agriculture and forestry.

Wisconsin has a history of strengthening the value chain in dairy, forestry, and the brewing industry and must learn from previous success. More can be done to boost rural economic development in Wisconsin through encouraging producers' and foresters' ownership and community ownership of the production process and biorefineries for energy and other new products. An increase in education and assistance can be designed to link the rural areas where there is a need to bundle commodities and biomass from the land to the adjacent urban/exurban communities, which need to grow value-adding businesses. Business clusters typically arise independent of government intervention, but steps can be taken by state government to serve as a catalyst for such development.

Planning for Prosperity

Wisconsin has a projected population increase that will require new housing and commercial building. Urban and suburban growth will continue and the demand for recreational properties remains high. Critical research on the best lands for crop growth and sustainable forestry must occur to identify the lands that should not be developed. The loss of valuable working lands does not occur with a bang, but rather over long periods of time by small steps, almost unnoticeable until that critical mass necessary for sustained agriculture and forestry production does not exist.

The State of Wisconsin, in partnership with local governments, must have a collaborative strategy to not rezone or develop too much critical agriculture and forestland for other uses. A combination of increased non-agricultural development density with a higher standard for taking working lands out of production is an important common goal. Wisconsin must be planning for prosperity to have a sustainable economy.

Maintaining Environmental Quality

Working lands provide Wisconsin with essential water recharge areas, serve as critical habitat for wildlife, help prevent invasive species, and promote carbon sequestration. People who work the land do not receive public compensation for these broad public benefits in environmental quality. The next Federal Farm Bill may move toward greater green payments or green tickets in recognizing the public benefits to society from working lands. Wisconsin producers and foresters have an opportunity to capitalize on this recognition of good environmental stewardship.

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Our Opportunities, Our Challenges

Community Collaboration Networks

Achieving a robust bioeconomy requires a fundamental shift away from the existing political schism of urban versus rural communities. Critical components of success include fostering regional economic cluster activity and greater intergovernmental cooperation. It bears repeating that Wisconsin will not have a bioeconomy without the biomass — corn, soybeans, corn stover, wood wastes, switchgrass, and other feedstocks — coming from our working lands. It will take joint public and private sector efforts to aggregate biomass feedstocks, develop regional biorefineries, and kick-start a bioeconomy through new community collaboration networks.

Why Wisconsin Should Take Action Now

- ⊕ Our state still has much to preserve and sustain in our working landscape.
- ⊕ Our state is well positioned to be a leader in the bioeconomy.
- ⊕ Our state has many diverse and rapidly urbanizing areas.
- ⊕ Our state can influence the new Federal Farm Bill and policies that encourage renewable energy, encourage sustainable communities, and protect working lands.

Is Losing Acres of Working Lands a Problem?

The question — “Is losing acres of working lands a problem?” — can be asked by Wisconsin residents. The answer is absolutely, yes. Wisconsin will likely continue to lose more and more acres of farmland and forestland to other uses. With projected population increases and continued weak land use planning, the loss of farmland and forestland is nowhere near even being slowed down. Loss of these lands will continue even with aggressive policy actions because of standard land market forces including the fact that landowners’ primary asset is their land.

There are two aspects to the question: (1) given the large economic benefits provided by working lands (from productivity, amenities, environmental services, etc.), what economic engines might replace working lands as they are lost (including nonmarket benefits) and (2) what is the likelihood the benefits will be replaced and how much should Wisconsin guard itself against the risks of loss? Continuing the status quo requires less effort to implement, but its costs and benefits are not entitled to greater weight.

Wisconsin can remain green and growing by maintaining working lands. With the state’s working land base protected, Wisconsin will have the opportunity to continue innovation in value-added agriculture, forest management, and recreation. In addition, the availability of quality agricultural and forested lands will allow Wisconsin to emerge as a leader in the growing bio-based economy. We urge state and local policy makers to consider the recommendations set forth in this Initiative and take tangible steps toward a healthy and sustainable future for our state.

The Challenge

Wisconsin continues to lose too much valuable working farmland and our forests face fragmentation and more parcelization of land lots. Breaking up contiguous tracts of working farm and forestland makes it difficult for efficient production and discourages new producers and foresters from entering this business. During the period from 1950 through the 1990s, Wisconsin lost a third of its farmland, based on estimates from the Wisconsin Agricultural Statistics Service (roughly 24 million acres to less than 16 million acres).

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Our Opportunities, Our Challenges

Farm and forestlands directly contribute to the strength of the state's economy. In particular, agriculture's direct economic impact is \$22.3 billion annually, forestry's is \$22.1 billion annually, and tourism's is \$11.9 billion annually. Both forestry and agriculture contribute to the tourism and recreation sectors of our state economy. We can markedly improve our economic growth, public services, and quality of life by using our lands more wisely and by helping the agricultural industry increase farm profitability. It is easier to protect farmland when the farm operations on the land are profitable.

The population of Wisconsin is growing rapidly. This growth has resulted in more people moving to urban fringe, suburban, and rural areas of the state. This population migration has increased the demand for working lands to be converted to residential and commercial areas. As demand increases so does the price of land, making it more difficult for farm start-ups or expansions. For Wisconsin farmers, many of whom are near retirement, selling their land is one of few options that affords them financial security.

Wisconsin is at a turning point. The extensive farmland that established our character as the dairy state is rapidly disappearing to development in many parts of the state. The forested lands that built our paper and recreation industries are being sold as small, private lots. These changes are essentially irreversible and are accelerating.

Declining Agricultural Acreage in Wisconsin (1950-2005)

Source: Wisconsin Agricultural Statistics Service

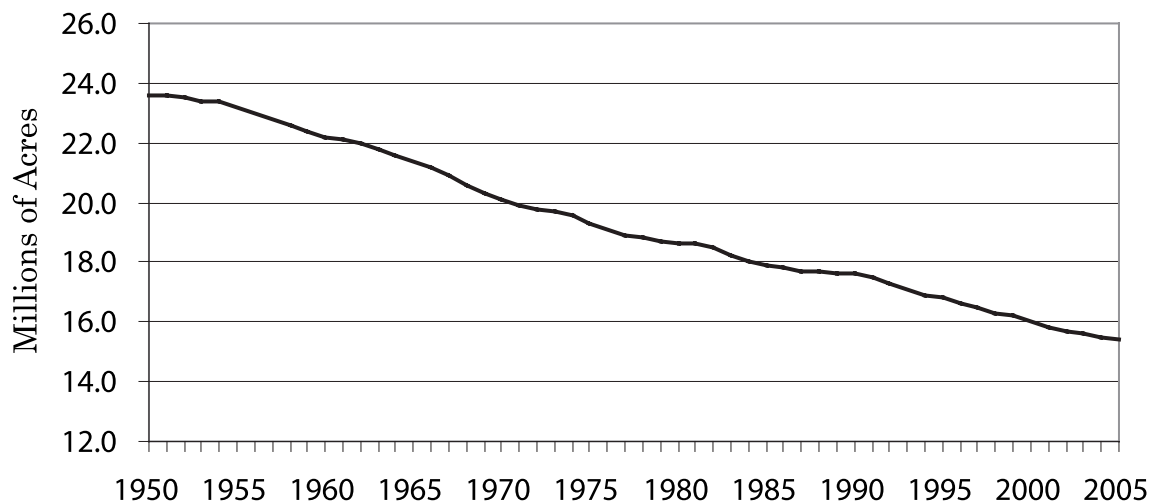


Figure 1: Declining Agricultural Acreage in Wisconsin (1950-2005)

However, these changes are not inevitable results of economic growth and population increases. On the contrary, it is the way we choose to use our lands that leads to these losses. We can markedly improve our economic growth, public services, and quality of life by using our lands more wisely.

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Our Opportunities, Our Challenges

In the 1970s, Wisconsin was a national leader in farmland preservation when it enacted the Farmland Preservation Program. Since then, Wisconsin has changed markedly. Our working lands toolkit has not. As a result, landowners, local governments, and state policy makers are not able to take the actions necessary to take advantage of the opportunities offered by working lands or avert threats to them. (For further discussion of the state of Wisconsin's working lands, please see Appendix A, available at the working lands website: <http://www.datcp.state.wi.us/workinglands/index.jsp>)

The Opportunities

Maintaining working lands will provide four broad types of benefits to Wisconsin.

- ⊕ **It will allow forestry and agriculture to continue providing an enormous economic contribution to the state.** Both forestry and agriculture are cornerstones of the state's economic health. They provide not only direct income to foresters and farmers, but also support a wide range of related businesses. Few other industries can have such a positive impact on rural economies.
- ⊕ **Land is the source of biomass that can produce the biofuels, biopower, and bioproducts for the State of Wisconsin.** Wisconsin has always had a land-based economy. For generations the people of Wisconsin have depended upon the bioeconomy as sustained by the farms, dairies, forests, and paper mills here. Today, the bioeconomy is an economy based on technologies and new industries turning organic matter like feedstocks or biomass into energy, fuel, and products. The processes and technology today include making corn into ethanol fuel, soybeans into biodiesel, and using anaerobic digesters to convert manure into a biogas. The further development of cellulosic ethanol means more agriculture and forest residues or waste can be used to produce fuel and energy. Governor Doyle's Consortium on Biobased Industry has advanced a wide range of recommendations to help make Wisconsin a leader in the bioeconomy, including protecting our working lands in agriculture and forestry.
- ⊕ **Working lands provide a wide range of environmental benefits.** Active working lands management provides a number of environmental benefits. It protects streams from polluted runoff, provides habitat for migratory birds, absorbs greenhouse gases, and provides a buffer between urban areas and wilderness areas. But only a landowner who turns a profit from the land can afford to implement conservation practices that provide those benefits.
- ⊕ **Working lands provide direct quality-of-life benefits to all Wisconsin residents.** Urban and rural residents alike will be able to enjoy the scenic views, rural character, and recreational opportunities available when working lands are protected. Effective preservation of working lands will involve more efficient and desirable use of urban lands. Local governments, in particular, should take note of the cost-saving opportunities available to them. Better planned and managed non-agricultural development can save significant expenditures on water supplies, sewage handling, and roads.

(For further discussion of the benefits of Wisconsin's working lands, please see Appendix B, available at the working lands website: <http://www.datcp.state.wi.us/workinglands/index.jsp>)

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Our Opportunities, Our Challenges

Benefits of Wisconsin Working Lands

Members of the Working Lands Initiative Steering Committee discussed and debated the opportunities offered by Wisconsin's working lands, and agreed on the following as being the most significant:

- ⊕ **Bioeconomy.** Wisconsin is well positioned to lead the bioeconomy because of its agriculture and forestry infrastructure. Working lands in agriculture and forestry can provide the biomass needed for fuel, electricity, chemicals, and products for Wisconsin.
- ⊕ **Diverse Agriculture.** Wisconsin's agricultural diversity helps the growth of value-added agriculture and contributes significantly to the state's economy.
- ⊕ **Security for the Future.** Wisconsin's farmland and agricultural economy can provide the food needed for the region in the event that fuel prices or other problems disrupt the nation's food transportation system.
- ⊕ **Quality Urban Development.** Development that maintains working lands can support urban development that will make the state attractive to businesses and professionals, preserve housing values, meet housing needs, and use public funds efficiently.



Photo by USDA NRCS

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Our Opportunities, Our Challenges

The Threats

Maintaining Wisconsin's working lands is paramount for the future economic stability of the state. However, recent trends indicate that challenges to these working lands are growing. These challenges include, but are not limited to, a growing population, a decrease in farm and forestland, rising land prices, and an aging farming and forestry workforce.

Protection of farms and forests should not be a growth versus no growth debate. Comprehensive approaches to planning and loss and zoning can promote residential and commercial development while also preventing the further loss and fragmentation of Wisconsin working lands.

Threats to Wisconsin Working Lands

Members of the Working Lands Initiative Steering Committee discussed and debated the threats facing working lands and agreed on the following as being the most significant:

- ⊕ Wisconsin's population continues to grow.
- ⊕ Economic trends in international trade, forestry, and agriculture are reducing the profitability of working lands.
- ⊕ Housing density is decreasing.
- ⊕ Zoning classifications and minimum lot sizes are fostering conversion of working lands.
- ⊕ Total agricultural land is declining and remaining land is fragmenting.
- ⊕ Forested land is being fragmented and parcelized for recreational and other uses.
- ⊕ The workforces in agriculture and forestry are aging.
- ⊕ Land prices are rising rapidly.

Population, Density, and Zoning

The 2000 Census reported the state's population at 5.36 million people. The Wisconsin Demographic Service Center projects that Wisconsin's population will grow to 6.42 million people by 2030. This is a projected growth rate of 19.6 percent over the thirty-year period.¹ While population growth alone does not necessarily threaten working lands, there are both beneficial and harmful ways to accommodate this growth.

As the population grows, so does the need for housing and services to support it. Though all types of municipalities are expected to grow, town and village populations are expected to have the greatest increases. Household size is expected to decrease to 2.3 persons in 2030 from 2.5 persons in 2000. At the same time, Wisconsin has a lower than average housing density rate. While the national average is around four houses an acre, Wisconsin averaged just 1.5 houses an acre in the fastest growing counties in the state. Zoning regulations also limit or prohibit mixed-use development that could incorporate commercial and single- and multi-family developments on smaller land tracts. These statistics translate into more houses on bigger lots, being built for smaller families in rural and fringe areas.

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Our Opportunities, Our Challenges

Declines and Shifts in Forest and Farmland

As the population has shifted so have Wisconsin's land use patterns. Based on Wisconsin Agricultural Statistics Service estimates, Wisconsin has experienced an average decrease in farmland of about 150,000 acres per year since 1950. This decrease in farmland includes farmland converted to conservation uses, farmland converted to forestland, and farmland lost to non-agricultural development. While some of these shifts in land use represent conversion of marginal agricultural land to more appropriate uses, which should be encouraged, other declines in farmland are more troubling.

Wisconsin has seen significant shifts within forest and agricultural land from the 1950s to the 1990s. Wisconsin pastureland decreased 68 percent while cropland decreased 15 percent. Both industrial and private non-industrial forestland increased over the half century, while public forestland decreased.

Percentage of Wisconsin Land in Various Uses (1950's to 1990's)

Source: U.S. Forest Service

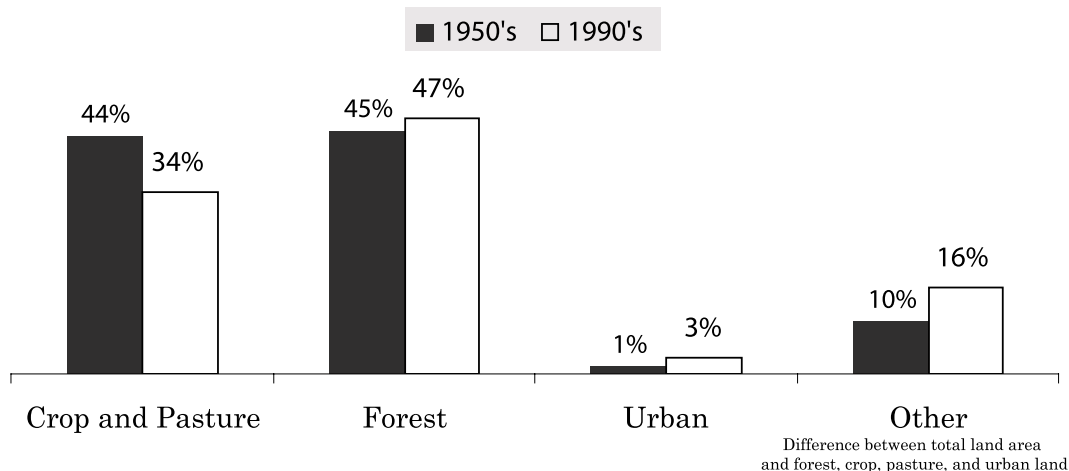


Figure 2: Percentage of Wisconsin Land in Various Uses (1950s to 1990s)

The critical questions are how much farm and forestland is being converted to development and how much of that development is undesirable? The National Resources Inventory estimated that during the 10 years from 1982 to 1992, 152,100 acres were lost to development. In half as much time, from 1992 to 1997, nearly the same amount of farmland — 121,600 acres — was lost to development.

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Our Opportunities, Our Challenges

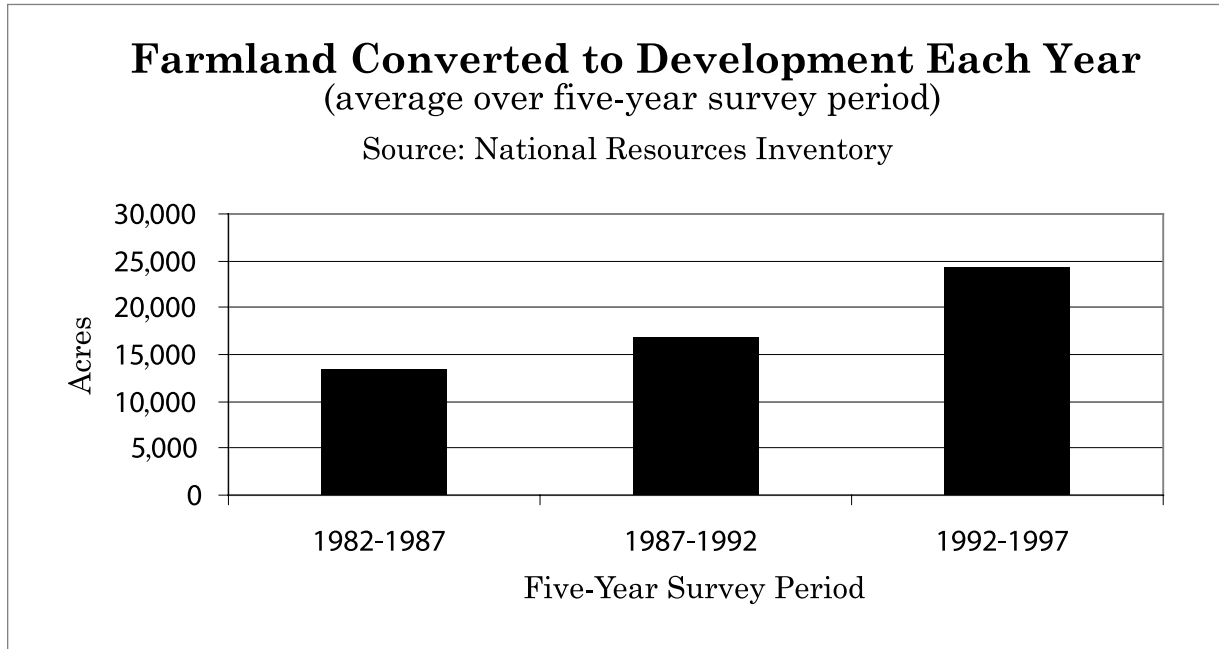


Figure 3: Farmland Converted to Development Each Year

Fragmentation and Parcelization of Forestland

Forestry and agriculture provide similar economic, ecological, and scenic benefits. It is not surprising then that forestry in Wisconsin faces many of the same issues that agriculture does. Two of the larger threats, as related to working lands, are fragmentation and parcelization of forestland. Forest fragmentation occurs when large, continuous forests are divided into smaller blocks, either by roads, clearing for agriculture, urbanization, or other human development. These land use changes are converting contiguous forest areas into smaller patches of forest and non-forestland.

Ownership of Wisconsin Forestland (15.9 million acres)

Source: Wisconsin Department of Natural Resources

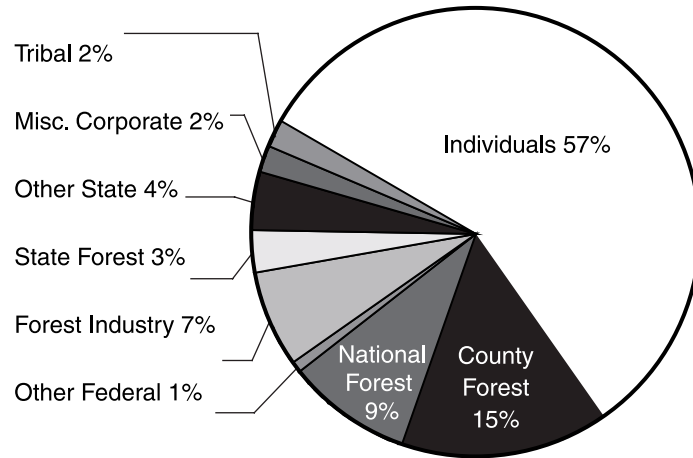


Figure 4: Ownership of Wisconsin Forestland

Recent research suggests that larger parcels of forest are more economically viable than smaller forests. However, over the past twenty years, large forests (20+ acres) have decreased in number, while forests up to 20 acres in size have increased. The restructuring of the forest industry, including large sales of previously industrial forestland to non-industrial private owners (including large pension and other investment funds), is also a concern. This may be, in part, the result of recreational and second home development, particularly in the North Woods area of the state.

Aging Workforce in Agriculture and Forestry

Both farming and forestry face the problem of replacing current workers and owners with a new generation. The percentage of U.S. farmers age 65 and older has risen from approximately 17 percent in 1978 to nearly 27 percent in 1997. In 2002, 42 percent of Wisconsin farmers were over age 55. Those farmers managed over 6.5 million acres of farmland.

Over 20 percent of logging firm owners are age 55 or older. Less than 11 percent of owners are under age 35. Thirty-five percent of Wisconsin logging firms are family-run businesses, however, only half of those surveyed thought it likely that a future generation would continue the business.²

The agriculture and forestry sectors are both major contributors to the Wisconsin economy. For these sectors to continue their crucial role, it will be necessary to transition to a younger generation of farmers and loggers. This transition will need to occur rapidly, because so many farmers and loggers are already close to retirement.

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Our Opportunities, Our Challenges

Rising Land Prices

The state of Wisconsin has seen more than a 600 percent increase in the sale price of land sold for agricultural use since 1974. The average price for an acre of farmland increased to \$2,797 by 2004, up from \$438 in 1974. The variation in farmland prices has also increased over the past 30 years. In 1974, the difference between the state average and the maximum price/acre was around \$1,000. By 2004, that difference had increased to over \$11,000.

Wisconsin is also seeing an increase in the price paid for farmland being diverted to other uses. The average price per acre of farmland purchased for non-agricultural purposes increased to \$7,165 in 2004, up from just \$592 in 1974, an increase of 1,200 percent. The variation in price also increased. In 1974, the difference between the state average and the highest price paid per acre was about \$3,000. By 2004, that difference had increased to well over \$20,000.

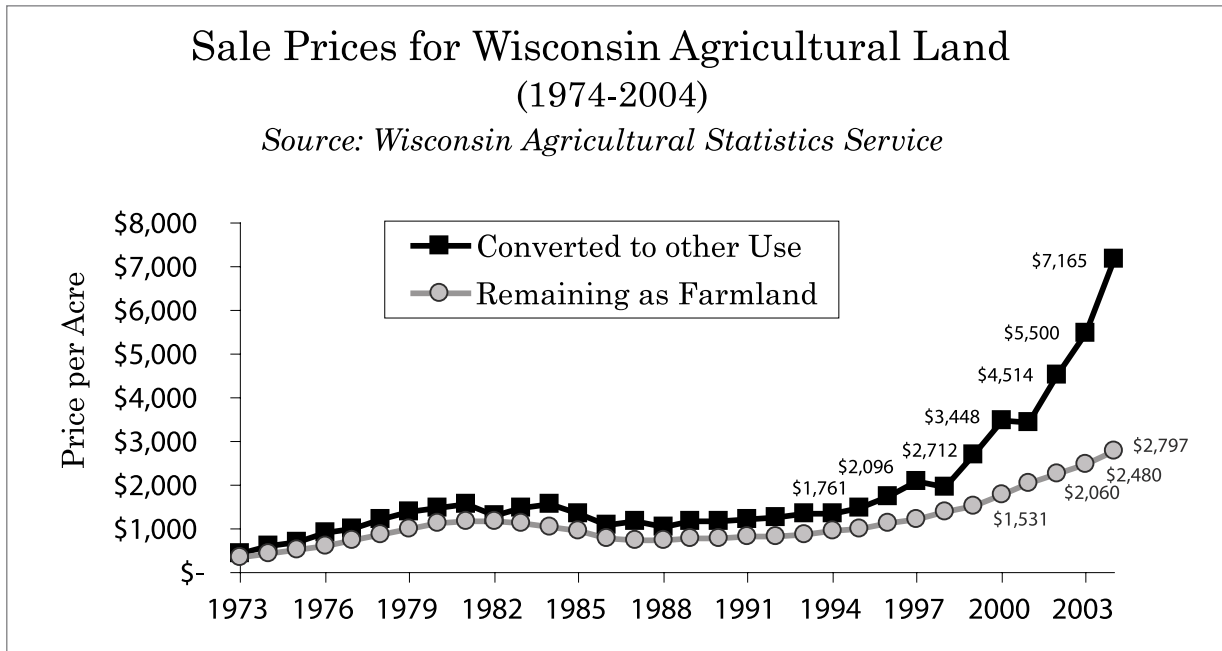


Figure 5: Sale Prices for Wisconsin Agricultural Land (1974 to 2004)

These rising prices have at least two implications for working lands. A retiring farmer now receives substantially more money for his or her land if it is sold for non-agricultural uses than if it is sold for farm use. Furthermore, in some cases the price of farmland for agricultural use has increased to the point of being prohibitively expensive for beginning farmers or those farmers who want to expand their operations to purchase.

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Profitability of Agriculture & Forestry

A major trend affecting Wisconsin working lands is the economic situation of agriculture and forestry, including the related businesses that support and depend on them. On average, small farms have a negative rate of return on assets.

Only farms with sales over \$250,000 annually have positive rates of return. However, the returns for farms with sales between \$250,000 and \$1,000,000 annually are roughly one percent, which is too low to justify the investment. As a result, the number of small farms has declined and the concentration of farms has increased.

Rate of Return on Assets of Wisconsin Farms (2004)

*Source: Agricultural Resource Management Survey,
U.S. Department of Agriculture*

Farms with annual sales of:

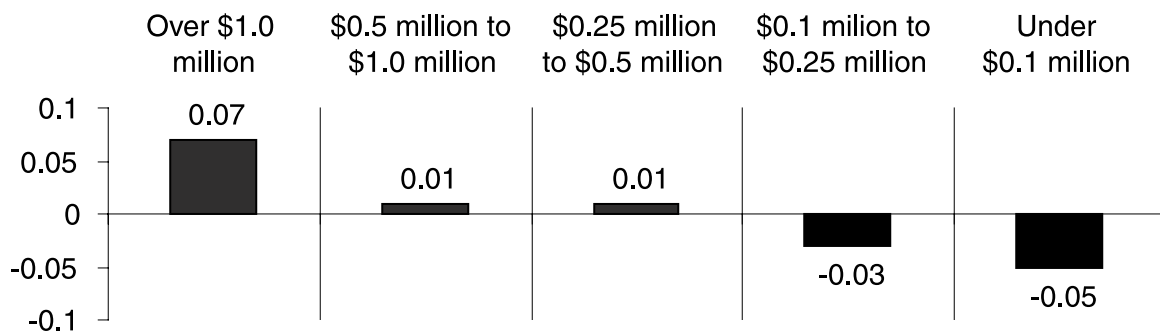


Figure 6: Rate of Return on Assets of Wisconsin Farms (2004)

Economic trends in international trade, forestry, and agriculture also negatively affect the profitability of working lands. Lower labor and other production costs in other countries drive down the price of agricultural commodities and forest products, further reducing the profitability of Wisconsin producers.

The Impermanence Syndrome

The concept of the impermanence syndrome can help identify threatened working lands. The “impermanence syndrome” is a term used by many agricultural and land use researchers to refer to premature idling of farmland before it is actually sold for development. This can start as a subtle trend where farmers start to see these impacts of development and consider it inevitable that their land will be over-run by development. The farmer then will not make necessary long-term improvements to land and equipment or keep up capital investments in fences, buildings, or irrigation and drainage needed for continued farming operations.

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Eventually, the impermanence syndrome can become a self-fulfilling prophecy because farming maintenance no longer occurs, nearby development continues, and the sale of land looks advantageous. Because of the time lag associated with the impermanence syndrome, the threat to farming is greater than existing measurable farmland loss. Some researchers hypothesize that for every acre of prime farmland that is urbanized, another half-acre to one acre becomes idle due to the impermanence syndrome.³

Another factor that may foreshadow the impermanence syndrome is an increase in conflicts between farmers and urban neighbors. Some of the disputes may involve complaints about noise from evening work in farm fields, smells from manure spreading in fields, or trespassing on agricultural or open space lands. In addition, nearby subdivisions or roads can cause water and soil drainage damage to fields. These issues can, at least, be discouraging to farm operators and, at worst, issues of legal battles. Scattered development of lands near farms can intensify these issues.

The impermanence syndrome has six major components:

1. Increased land prices. Agricultural land values and real estate costs such as property taxes, interest payments, and rents are at levels higher than would be observed on the basis of discounted agricultural earnings alone.
2. Disinvestment in farming. There is a decline in productive investments in agriculture, particularly in farm buildings, machinery, and livestock.
3. Reduction in the intensity of agricultural production. In anticipation of future urban land conversion, less-intensive production may be chosen to simplify management (e.g., a shift from livestock to cash grain farming).
4. Land speculation. There will tend to be a heightened rate of land transactions and an increase in the rate of increase in land values. Farmland may increasingly be owned by non-farm entities who are interested in farmland mainly for asset appreciation. Non-farm entities will normally be less reluctant than farm people to convert the land to urban uses.
5. Environmental degradation and reduction of land quality. Soil erosion investments are left unmade. Conservation practices (e.g., crop rotations, strip and contour cropping) may be abandoned for cheaper or less labor-intensive practices.
6. Increased urban interferences with farming. These interferences may discourage farming or cause some farmers to abandon certain types of agriculture (e.g., livestock) or to see selling out as a desirable option.⁴

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Goals of the Working Lands Initiative

The following goals have been adopted in response to the previously mentioned threats and encompass Wisconsin's Plan for Prosperity:

- ⊕ **Maintain healthy forestry, agriculture, and tourism** sectors of Wisconsin by preserving assets of clean waters, vibrant forests, and rich farmland.
- ⊕ **Grow the forestry and agriculture sectors** by fostering the supply of biomass for the emerging bioeconomy in Wisconsin.
- ⊕ **Provide new tools to counteract fragmentation and parcelization** of forest and agriculture land while allowing local economic development and promoting protection of Wisconsin's critical mass of farmland.
- ⊕ **Work with housing and business development sectors** and the transportation industry on growth strategies that complement agriculture, forestry, and tourism and identify areas for expansion and growth of housing and manufacturing.
- ⊕ **Preserve and showcase historic and tourism assets** of Wisconsin communities.
- ⊕ **Stimulate value-added economic opportunities and value chains** to strengthen agriculture and forestry and keep wealth in Wisconsin.
- ⊕ **Stimulate local ownership and cooperatives** in the bioeconomy to keep wealth in Wisconsin.
- ⊕ Reach across traditional town, village, city, and county jurisdictions for **cooperative economic growth and public services**.
- ⊕ **Forge new public and private partnerships** to conserve working forestlands and farmlands.
- ⊕ Create meaningful ways to **educate and engage the public** in developing the vision for their community.
- ⊕ Seek additional **federal and state funds** to meet these goals.
- ⊕ Seek a **state vision and leadership** for the future of working lands.



Photo by USDA NRCS

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To accomplish these goals, the Working Lands Initiative Steering Committee proposes a number of specific recommendations as described below. The order of the following recommendations is not meant to prioritize one program over another. (For an illustration of the relationship between these recommendations, the threats to working lands, and the goals of working land preservation, please see Appendix F, available at the working lands website: <http://www.datcp.state.wi.us/workinglands/index.jsp>)

Farmland Preservation Program

Program Overview

The Legislature enacted the Farmland Preservation Law in 1977. The law, in its current form, has the following goals:

- ⊕ To preserve farmland.
- ⊕ To provide tax relief to farmers.
- ⊕ To promote sound local planning and zoning.
- ⊕ To promote compliance with soil and water conservation standards.
- ⊕ To minimize land use conflicts.

Participating farmers receive state income tax credits. However, the income tax credit amount is based on farm property tax payments, as well as farmer income level. Program participation peaked in 1991, when there were about 25,000 farmers and 6.4 million acres covered. In 2004, the program covered about 19,500 farmers and 4.0 million acres, and provided \$14.4 million in annual tax credits. (For more information about the Farmland Preservation Program, please see Appendix C, available at the working lands website: <http://www.datcp.state.wi.us/workinglands/index.jsp>)

Strengths of the Current Program

- ⊕ The Farmland Preservation Law is one of few current laws designed to support county and town land use planning. Since its creation in the late 1970s, it has been the dominant framework available to support agricultural land use planning and zoning in Wisconsin. Even the new Comprehensive Planning Law does not fully address agricultural planning to the extent the Farmland Preservation Law does.
- ⊕ The program provides an incentive for towns and counties to adopt exclusive agricultural zoning. In part because of this incentive, nearly 2/3 of all agricultural protection zoning ordinances nationally are in Wisconsin, according to a survey by the American Farmland Trust.
- ⊕ In many communities, exclusive agricultural zoning has provided the framework to support preservation of agricultural land. A 1998 survey of Wisconsin towns found that 41 percent of respondents found exclusive agricultural zoning to be very effective in preserving agricultural land, while another 49 percent found it somewhat effective.
- ⊕ The conservation cross-compliance requirements of the law have helped reduce soil erosion to tolerable levels and have promoted other conservation practices that protect water quality.

- ⊕ The program has provided important tax credits to farmers, although these have declined in recent years.
- ⊕ Potentially, the program offers a way to better integrate land use, conservation, and economic development aspects of Department of Agriculture, Trade and Consumer Protection (DATCP) programs to aid Wisconsin agriculture.

Program Limitations

Since the Farmland Preservation Law was enacted nearly 30 years ago, there have been numerous efforts to revise, clarify, streamline, or eliminate it (most have failed). Current issues include the following:

- ⊕ The value of Farmland Preservation tax credits as an incentive to preserve farmland has declined as the relative economic value of those credits has declined. The decline in economic value is partly due to the enactment of the Use-Value and Farmland Tax Relief laws. But it is also due to the failure to adjust the tax credit formula (including income and property tax caps) for inflation over the last 25 years.
- ⊕ There is no requirement for subdivision platting, annexation, or sewer extensions to be consistent with county agricultural preservation plans.
- ⊕ The effectiveness of the Farmland Preservation Program in preventing conversion of farmland has never been systematically evaluated.
- ⊕ There is little compliance with tax credit payback requirements (when land is rezoned), and enforcement is nearly impossible at the state level. The payback requirement, even if enforced, is not a significant financial deterrent.
- ⊕ Most counties have not updated their agricultural preservation plans for decades (despite statutory requirements). Counties initially received planning grants, but there are no funds for that purpose now. Counties are understaffed and under-funded, and have little incentive to update plans. The Land and Water Conservation Board (LWCB) has not been inclined to de-certify outdated county plans, because that would deprive farmers of tax credits.
- ⊕ The Use-Value Assessment Law (“use-value”) has provided significant and important tax benefits to farmers, and has overshadowed the Farmland Preservation Law in terms of tax relief. Use-value assessment has saved owners of farmland more than \$1.5 billion since its inception in 1995, and has made Wisconsin farmers more competitive with their counterparts in neighboring states.
- ⊕ Agricultural preservation planning is not well integrated into the “Smart Growth” comprehensive planning requirements under s. 66.1001, Wisconsin Statutes, and related statutes. “Smart Growth” amendments in 2004 weakened the requirement that comprehensive plans and county agricultural plans be consistent. However, the Farmland Preservation Law requires county agricultural preservation plans to be consistent with county comprehensive plans. In reality, there is some inconsistency between county comprehensive plans, county agricultural preservation plans and town comprehensive plans.
- ⊕ The Farmland Preservation Law is difficult to administer because of the LWCB certification process, outdated county plans, and excessively detailed statutory standards that do not reflect current agricultural land use needs. The certification process is complex and time consuming. DATCP must review, and the Land and Water Conservation Board must certify, detailed plans and ordinances (and the consistency between plans and ordinances). Much effort is spent on a small number of plans and ordinances. Farmland preservation

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agreements require even more administrative effort, compared to the amount of land protected.

Process for Review of Farmland Preservation Program

The DATCP Secretary appointed a Subcommittee of the Working Lands Steering Committee. (For a list of Subcommittee members, please see page 41). The Subcommittee met seven times between February and May 2006. It reviewed many background reports and DATCP staff reports. It developed and distributed nearly 500 surveys to towns and counties (with a 50 percent return rate). Finally, the Subcommittee evaluated the returned surveys and developed, discussed, and adopted a set of recommendations to retain and improve the Farmland Preservation Program.

The Subcommittee found the results from the surveys of town governments to be especially useful in determining whether the Program should even be retained. Some key findings were:

- ⊕ There is strong support for exclusive agricultural zoning, with 73 percent of respondents stating that they agreed or strongly agreed with the statement that “there is strong community support for exclusive agricultural zoning in our town.”
- ⊕ Nearly 2/3 of respondents said that exclusive agricultural zoning has been a highly effective tool for farmland preservation.
- ⊕ Without the tax credit, there would be increased pressure to eliminate exclusive agricultural zoning.

Recommendations for Farmland Preservation Program

Based on the survey data, staff research and other reports, the Working Lands Initiative Steering Committee recommends the following with respect to the Farmland Preservation Program:

1. Retain the Farmland Preservation Program, with changes.
2. Retain the requirements for agricultural land preservation planning, but change them in the following manner:



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- a. Streamline the planning process and eliminate duplication among agricultural preservation planning, soil and water conservation planning, and general comprehensive planning.
 - b. Integrate agricultural preservation planning with comprehensive plans. Generally, the substance required in comprehensive planning should be the same as the substance now required in Chapter 91 of the Wisconsin Statutes (Farmland Preservation Chapter). Some of the details may need to change to accommodate the application of the principles to villages and cities under comprehensive planning.
 - c. Provide incentives and technical assistance to counties and towns for agricultural preservation planning, and update county agricultural preservation plans on a 10-year schedule.
3. Retain exclusive agricultural zoning, with changes.
 4. Create an educational and technical assistance program to assist counties and towns in improving the quality of their zoning ordinances, including issues such as the relationship of lot sizes and development density to the preservation of farmland.
 5. Retain farmland preservation agreements, with changes:
 - a. Honor existing contracts, but do not renew them. Ensure a smooth transition to a new system.
 - b. A landowner would be eligible for a new contract only if the land was a part of a Working Lands Enterprise Area (a concept described in the next recommendation). This recommendation assumes that an Enterprise Area has substantial size, more than one farm. Also, the minimum size of an area would be determined locally. The potential for developing a joint system for participation, rather than individual contracts, should be explored.
 - c. The contract should require conservation compliance, as with exclusive agricultural zoning.
 6. Retain the Farmland Preservation tax credit for landowners in exclusive agricultural zones or those with contracts in Working Lands Enterprise Areas, but change the details of the credit as follows:
 - a. The tax credit formula should not contain an income factor.
 - b. The credit should be provided based on an ad valorem or a per acre formula. Establishing a maximum amount per farm should be considered.
 - c. The credit would be against the state income tax but would be non-refundable (if the credit exceeds taxes due, the state would not send a check to the claimant).
 - d. Tax credits should be allowed for farms smaller than 35 acres, by special exception, provided that other program requirements are met and that stricter standards are applied.
 - e. The law should include a simplified system for estimating and collecting payback if the land is removed from a zone or a contract is cancelled or not renewed.
 - f. The proceeds from the payback should go to the county or town (if under town exclusive agriculture zoning) for assistance with agricultural preservation planning.

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- g. The total amount of tax credit should be at least equivalent to the value of the Farmland Preservation Tax Credit in 1987.
7. Change some of the administrative details of the program to streamline procedures, to reduce unnecessary work for counties, towns, landowners, and DATCP, and to provide better protection for farmland in the state. The Steering Committee recommends that the Secretary of the Department of Agriculture, Trade and Consumer Protection establish a working group of stakeholders to make recommendations on administrative details including the process for certification of plans and ordinances.
8. Provide sufficient funding for enforcement and monitoring of conservation practices and plans to ensure effective conservation enforcement.

Municipal Cooperation

Under current Farmland Preservation law, there are few requirements or opportunities for the involvement of incorporated municipalities in agricultural preservation planning. On certified county agricultural preservation plan maps, cities and villages are usually only represented as “excluded areas,” where there are no county designated agricultural lands to be preserved. Cities and villages are where much of the agricultural infrastructure, on which agriculture depends, is located. The extraterritorial powers of incorporated municipalities, including their powers of annexation, suggest that Wisconsin agriculture will be ill served if cities and villages are not included more meaningfully in the planning for agriculture. Even with this apparent neglect, the program still has 19 cities and 18 villages with exclusive agricultural zoning ordinances. We should encourage incorporated municipalities to participate in planning for agricultural preservation and in the utilization of new farmland preservation methods within their corporate borders, in their boundary areas, and also regionally. In addition, when taking part in farmland preservation planning, municipal cooperation must occur to identify those lands that will be used for future non-agricultural development.

Working Lands Enterprise Areas Program

Program Overview

Working Lands Enterprise Areas are farmland areas designated for fixed periods of time for preservation from non-farm development based on voluntary agreements by farm owners. A Working Lands Enterprise Area (WLEA) program would make it possible for a group of landowners to voluntarily establish an enterprise area containing their farms, within broad parameters set by local and state government guidelines. The purpose of such a program is threefold. First, such a program would encourage and facilitate clustering of farms. This would counteract the piecemeal isolation of farms, reduce land use conflicts with non-farm uses, and allow economies of scale in adoption of conservation practices. Second, a WLEA program would improve targeting of state and local administrative services and monitoring. Third, it would supplement and strengthen exclusive agricultural zoning. The Working Lands Enterprise Area concept is modeled after similar programs in other states, notably Massachusetts, Ohio, and New York. (For more information on these programs, please see Appendix D, available at the working lands website: <http://www.datcp.state.wi.us/workinglands/index.jsp>)

As of 1998, there were 18 such laws in 16 states. In Maryland, Delaware and Pennsylvania, location in an “agricultural district” is a precondition for participation in purchase of development rights programs. Twelve programs limit use of eminent domain within the areas, while ten provide extra right-to-farm protection, five provide eligibility for use-value assessment, and three

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limit annexation in areas. In many programs, area designation is based on evaluation of the viability of farming, the extent of neighboring land uses, and county development plans. In New Jersey, soil quality and contiguity standards are applied in designating participation in areas. In New York, counties may include farm parcels within an area's boundaries even though the owners do not choose to participate voluntarily. This is done in order to provide contiguity. In the New York case, only the voluntary participants receive tax benefits, but all parcels in the area receive the non-tax benefits.

Benefits of WLEA

In return for agreeing not to develop the land, current programs in other states offer various benefits to the participating farms, which might include: limits on the use of annexation, eminent domain and special assessments; extra right-to-farm protection; automatic eligibility for use-value assessment; soil and water conservation cost sharing; priority in water allocation rights; eligibility for purchase of development rights programs; and required agriculture impact statements for public projects. Participating farmers may have to observe certain conservation practices under some programs.

Recommendation for Working Lands Enterprise Areas

The Steering Committee recommends the creation of a WLEA program in Wisconsin. To participate in a WLEA program, landowners would enter into agreements with the Department of Agriculture, Trade and Consumer Protection. The agreements would require that the land remain in agriculture for a period of time, roughly 15-20 years. In exchange for that commitment, landowners would receive financial incentives, additional business assistance, and certain protections against encroachment of development.

In order to ensure that enterprise areas last for the full 15-20 years, a program would include penalties for early withdrawal. In addition, it would be necessary to have the enterprise area agreement connected to the land, so that the area would persist even if participating land is sold or its ownership reorganized.

Unlike some other farmland programs, a primary purpose of a WLEA program would be to improve the economic viability of the participants. Participating land would need to be actively farmed. In addition, the program would emphasize business assistance for participants. Such assistance could include electrical inspection and rewiring, drainage engineering, accounting, tax advice, and legal advice.

Although the program would place a higher priority on larger enterprise areas and greater numbers of participants, the program would need to fit the type of agriculture and community preferences in each area of the state. Therefore, enterprise areas could range from groups of smaller community supported agricultural operations to larger forage or row crop operations.

To ensure environmental standards are met, participants in the program would be required to comply with existing agricultural performance standards, a requirement that is also made of participants in the current Farmland Preservation Program. The program could include two or more levels of participation. The higher level would provide greater financial incentives and other benefits in exchange for a longer term, higher environmental compliance, or other requirements.

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For such a program to be implemented in Wisconsin, it would be necessary to coordinate the program with existing provisions of agricultural planning, exclusive agricultural zoning, and the Farmland Preservation Program.

Purchase of Development Rights Grant Program

Program Overview

The state's agricultural economy depends on retaining prime farmland for long-term production and a purchase of development rights program (PDR) is the only tool available to ensure that these lands are protected in perpetuity. Under a PDR program, a landowner voluntarily sells his or her rights to develop a parcel of land to a public agency or a qualified conservation organization, usually a land trust. The landowner retains all other ownership rights attached to the land, and a conservation easement is placed on the land and recorded on the title. Wisconsin state law recognizes both non-profit conservation organizations (s. 23.0955, Wisconsin Statutes) and conservation easements (s. 700.40(1) (a), Wisconsin Statutes).

The government agency or land trust essentially purchases the right to develop the land from a participating landowner and extinguishes that right permanently, thereby assuring that development will not occur on that particular property. It is important to note, however, that an easement does not necessarily preclude all development. Buildings necessary for farm operations are generally allowable. In addition, the seller may opt to retain one or more building sites, thereby reducing the overall value of the easement. In addition to protecting working farmland, PDR easements can also protect wetlands and other natural features found on a property.

In placing such an easement on their land, participating landowners often take the proceeds from sale of the development rights to invest in their farming operations or retire from the business, and may allow another farmer to purchase the land at lower rates (i.e., rates devoid of development rights).

Why a PDR Program for Wisconsin?

Wisconsin agriculture has not only a rich history, but is also an important and significant contributor to the state's economy. A PDR program is an investment in the future of agriculture for Wisconsin.

Several local governments (counties and towns) have expressed interest in starting up PDR programs, but cannot fund them on their own. A state program could provide the impetus for local governments to establish their own programs.

PDR is a time-tested and well-established farmland protection tool used by 27 states and more than 50 local governments. Wisconsin would not be conducting a land use experiment rather it would be joining a national trend.

Benefits of PDR Programs

There are many benefits of PDR programs including the following:

- ⊕ PDR is voluntary and non-regulatory;
- ⊕ PDR provides permanent protection of farmland while keeping the land in private ownership and on the tax rolls;

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- ⊕ PDR compensates farmers for protecting their land and provides farmers with cash to reinvest in farm operations, pay off debt, or retire;
- ⊕ PDR provides farmers with a financially competitive alternative to development, giving them cash to help address the economic challenges of farming in urban-influenced areas; and
- ⊕ PDR keeps land relatively affordable for farmers, enabling inter-generational transfer of farmland between farm family members.

Recommendation for PDR Program

The Working Lands Initiative Steering Committee recommends that Wisconsin join 27 other states and establish a new program to provide matching grants to local units of government and non-profit organizations to purchase easements on working farmland.

- ⊕ The intent of the program must be to protect farmland and to keep farming financially and culturally viable over the long-term. The Knowles-Nelson Stewardship Fund already protects natural areas, open space, and other lands for outdoor recreation and public access. A PDR program should be established with the explicit goals of protecting Wisconsin's most valuable farmland, maintaining a viable farming economy, and keeping farmland in private ownership.
- ⊕ No one program or group of programs will be able to preserve all the farmland in the state. Therefore, a PDR program must carefully prioritize which lands to protect on a statewide, local, and regional basis. Funds should be directed to strategic purchases of "keystone" properties that reduce the impermanence syndrome.
- ⊕ PDR will only succeed if implemented in tandem with other farmland preservation strategies, such as exclusive agriculture zoning, agricultural districts, use-value assessment, and comprehensive planning. PDR should be seen as just one tool within the larger context of farmland preservation and land use planning.



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- ⊕ The state's role in PDR should be to support, assist, guide, and provide financial support to local PDR programs. The state should not be in the business of directly purchasing development rights from farmers.
- ⊕ All PDR programs should be voluntary in terms of landowner and local government participation.
- ⊕ A statewide PDR program should be designed to qualify for funding under the federal Farm and Ranch Land Protection Program.

Why a Grant Program?

Based on the principles outlined above, the Committee recommends that the state create a grant program to help fund the purchase of development rights by local units of government and land trusts.

By creating a grant program, the state can minimize its administrative costs and support local decision-making and initiatives. Grant applicants (i.e., local governments or land trusts) would be responsible for negotiating and drafting easements; securing appraisals, surveys, baseline reports, and other documentation; and monitoring and enforcing easements over time.

In addition, the state could double its investment by requiring federal, local, or private dollars to match state grants. We cannot overemphasize the opportunities to leverage the state's investment through a grant program.

- ⊕ By making state monies available, Wisconsin would receive a greater amount of federal funds through the Farm and Ranch Land Protection Program (FRPP). Under the FRPP, the US Department of Agriculture (USDA) provides 50 percent matching grants to purchase easements on prime farmland. Through 2005, Wisconsin land trusts and local governments have applied for \$22 million and received a little over \$10.2 million in funding through FRPP, less than half of the demonstrated need for Wisconsin. Under the USDA criteria, states that have well-funded state and local programs, provide adequate staff support, have demonstrated high demand for the program, and that meet federal program requirements tend to receive higher federal fund allocations. Historically, Wisconsin has been in the middle of the pack for federal funding. A state PDR grant program would have a significant impact on Wisconsin's ability to secure federal funds.
- ⊕ A statewide grant program would leverage local and private dollars as well. Local governments and land trusts have access to local and private dollars to match state grants. As of January 2005, land trusts and local governments raised over \$112 million to match similar grants through the Knowles-Nelson Stewardship Fund.
- ⊕ Finally, a grant program would encourage the formation of new PDR programs at the local level. We have heard from several towns and counties in Wisconsin that they would take the initiative to establish and invest in a local PDR program if they knew state grants would be available to help pay for the costs of the development rights. This mirrors trends across the country. One of the most important reasons for establishing a grant program is to help "seed" these local PDR programs.

Program Details

The Committee discussed many details about the potential structure and operation of a statewide PDR grant program. The Committee agreed that much of the details could be worked out at a later date, perhaps through the rule-making process. The Committee believes, however, that the following suggestions should be incorporated into a future PDR program.

Project Selection

In general, local governments should establish their own criteria for the kinds of farms and farmland they want to protect through easement purchases. However, the state should establish criteria for prioritizing grant applications to the program. We imagine that there will be a lot of competition for PDR grants, and these criteria should direct limited dollars to projects that best meet the overall goals of the program.

At a minimum, priority should be given to projects in communities where there is a formal and locally funded PDR program. Priority should also be given to projects that are consistent with local planning and zoning.

Duration of Easements

Easements purchased under the program should be perpetual. The Committee recognizes, however, the possibility that an easement may need to be amended due to changing circumstances. In rare instances, we believe that it should be possible to extinguish the easement and buy back the development rights if the property is no longer viable for agriculture.

The threshold for re-purchasing the development rights must be high, and the landowner must pay the current fair market value of the development rights at the time of re-purchase. According to Tom Daniels, a national expert on PDR,

All state programs, with the exception of New Jersey, have escape clauses that allow a landowner, in extreme circumstances, to repurchase the development rights. The burden is on the landowner to prove that farming can no longer be possible without economic loss and considerable conflict with non-farm neighbors.⁴

The “buy-back” process in most states is quite onerous, as we believe it should be in Wisconsin. For most programs, the “clock” for buy-back starts only 25 years after the original easement purchase.

The Committee acknowledges that further research and consideration is needed to develop a meaningful and acceptable process for dealing with easement extinguishment.

Staffing and Technical Assistance Needs

The PDR grant program could be administered by a small staff with expertise in real estate transactions, conservation easements, grant administration, or related fields. The state should look to the grant program administered by the Department of Natural Resources as part of the Knowles-Nelson Stewardship Fund as a model.

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It is critically important that, as part of any state PDR program, the state provide technical assistance to local units of government who have established or wish to establish a PDR program. Communities across the state have expressed an interest in setting up local PDR programs. Given this demand, the state should provide information, guidance, sample documents, and other materials to help local governments establish sound and sustainable PDR programs. This assistance can be provided through a grant or contract with an outside organization as an alternative to a state agency service.

Tracking Easements

The state should maintain a central registry of all conservation easements acquired under the program.

Beginning Farmer and Logger Programs

To profit from its working lands, Wisconsin must ensure that it has an adequate workforce to maintain them. With many Wisconsin farmers and loggers approaching retirement, it is crucial that the state take steps to support the reinvigoration of this essential workforce. The Wisconsin Professional Loggers Association, in collaboration with the Department of Natural Resources, has already advanced an initiative to address this issue in regards to forestry. The Steering Committee recommends a Beginning Farmer Program to address this issue in regards to agriculture.

Beginning Farmer

There are two main needs for beginning farmers. First, beginning farmers need access to land. This does not mean ownership of land. It is simply not necessary to own land in order to start a farming business. Rather, it is necessary to have access to and control of land, for instance, through rental or land lease arrangements. Indeed, focusing too early on owning land may be a grave error in financial management, tying up capital and reducing flexibility. Ownership of land may be a longer-term goal, but ownership should be understood as a distinct and separate investment from what is required to begin a farming business.

Second, beginning farmers need expert guidance and business support on a wide range of topics. Beginning farming is about passion, hope, and hard work on the part of the farmer; but is also about business smarts. Some of the important tasks facing a new farmer include simplifying the business, optimizing capital investment amounts and timing, minimizing debt, planning, recognizing managerial strengths and weaknesses, targeting markets, developing value, and building networks with experienced mentors who care about the outcome of the start-up farmer. The beginning farmer needs to make informed decisions about major investments, such as livestock, equipment, and buildings. In other sectors, new entrepreneurs often have the benefit of years of experience and coaching from working in established companies. Beginning farmers have to find that experience and coaching in other ways.

The relationships involved in beginning farming are not likely to be impersonal, arms-length relationships. Instead, the beginning farmer needs lasting and trusting relationships with a host of professional service providers, customers, marketers, and mentors. In particular, the relationships a beginning farmer builds are likely to be regional and local. The beginning farmer needs to work with people who know his or her business, the local and regional economy, and the land and climate of the area.

Recommendation for Beginning Farmer Programs

State policies and programs can support the transition to a new generation of farmers through four main paths, as follows:

- ⊕ Provide business and social support to beginning farmers, to help them make informed management decisions;
- ⊕ Provide financial support for retiring farmers—including making it easier to structure long-term land agreements—to reduce the financial risk retiring farmers face when partnering with beginning farmers;
- ⊕ Broker and foster connections between beginning farmers searching for opportunities and retiring farmers or other landowners looking to maintain their land in agriculture; and
- ⊕ Aggressively promoting the rewards, values, and opportunities of agriculture to the next generation.

The Committee identified the following general options, to address the four support paths described above:

Support beginning farmers through state-wide layered support teams

- ⊕ An umbrella organization would develop training materials, contacts, and programs, to provide support to regional teams. The umbrella organization would work closely with (or be managed by) existing support programs at DATCP and University of Wisconsin Extension (UWEX).
- ⊕ Regional teams would help beginning farmers put together farmer-specific teams.
- ⊕ Farmer-specific teams would provide tailored business, veterinary, marketing, and other advice. The farmer-specific teams would have long-term professional relationships with the beginning farmer. The team would consist of the farmer's veterinarian, the farmer's lender, etc.
- ⊕ The umbrella organization would work actively to establish a professional network among the regional teams and the professional service providers likely to be tapped for farmer-specific teams. This would include relationships with professional associations in lending, agribusiness, etc.
- ⊕ Financing for the umbrella organization could be sought in the next Federal Farm Bill. Some functions could be integrated into existing programs.
- ⊕ Partnering with farm credit and other lenders as they provide low-cost credit and technical support for beginning farmers.
- ⊕ The program might also establish formal apprenticeship or business incubator opportunities for beginning farmers.

Provide financial support for retiring farmers

- ⊕ Explore options for deferring income for retirement purposes and for reducing health-care costs for retiring farmers through pooling or other mechanisms.
- ⊕ Establish a loan guarantee program for seller-financed land sales to beginning farmers, to reduce the risk borne by the retiring farmer.

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- ⊕ Facilitate the purchase of development rights on land owned by retiring farmers, to allow the retiring farmer to obtain the financial benefit of his or her land.
- ⊕ Explore options for facilitating creative land transactions to reduce risk to retiring farmers and increase affordability for purchase, or availability for lease, to beginning farmers.

Broker and foster connections between beginning and retiring farmers

- ⊕ Build on existing programs at DATCP and UWEX.
- ⊕ Improve existing databases of beginning farmers and landowners.
- ⊕ Target absentee landowners, including owners of fallow properties.
- ⊕ Emphasize timely connections to avoid deterioration in buildings, equipment, or land.
- ⊕ Include an emphasis on strengthening social and business relationships between beginning and retiring farmers. In particular, provide assistance with housing, positive business interactions, and trust.

Promote and market agricultural careers

- ⊕ Develop marketing, education, and outreach programs to attract our best and brightest back to rural communities and to the land. Include a focus on young people who are passionate and committed to producing food, fiber, and bioenergy and to stewardship of the ecosystems that offer goods and services to all of society.
- ⊕ Develop agricultural discovery centers to feature the range of farming practices, careers, and products of Wisconsin agriculture. Include emphasis on the bioeconomy, genetics, and business opportunities.
- ⊕ Develop career entry points to help young people who do not know how to get into agriculture. Include contacts, educational needs, and so on. Broaden awareness of agricultural careers beyond those who already have direct knowledge of farming.
- ⊕ Explore the potential of targeting nontraditional demographics for agriculture, including Hispanic and Hmong immigrant populations, and those interested in pursuing modern methods of organic, grazing, and value-added farming.

Beginning Logger

The Wisconsin Professional Loggers Association (WPLA) has actively pursued new logger issues and is working on several programs, including:

- # **Creating and promoting the Master Logger program** to increase educational attainment and skills of loggers. Incentives could include government recognition, providing master loggers preference on public timber sales and MFL lands, and mills paying a premium to master loggers.
- # **Establishing a formal educational curriculum for loggers.** WPLA is currently working with North Central and Fox Valley Technical Colleges to create a mechanized forestry equipment operator certificate program that should be piloted in the fall of 2006. If that is successful, WPLA and the Technical Colleges will expand it to an associate degree program that would include business management, marketing, and sales/procurement.
- # **Establishing a logger apprenticeship program and a logging section in the Woodlinks program** for high school students. The Woodlinks program introduces high school students to forest products industry jobs as a career choice.
- # **Continuing a communications plan** that promotes logging and the logging profession as one of the tools important for maintaining both our forest products industry and the ecological values of our forests. There is a need to continue to dispel all the myths about logging and loggers being bad for the environment.



Photo by US Forestry

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Non-agricultural Development Density

Housing, commercial, and industrial development all have an impact on rural land conversion. By reducing the amount of land needed for non-farm development, the amount of agricultural land that is converted will also be reduced. More than 3,300 acres of Wisconsin farmland can be saved from conversion each year if local governments work together to increase non-agricultural development density by a modest amount. It is possible to do this in a manner that not only supports agriculture, but also has positive impacts on communities, the environment, and the cost of housing.

Need for Increased Density

The Urban Land Institute's report, *Higher Density Development: Myth and Fact*, provides a useful background on the need for and benefits of increased density.⁵ For decades, the housing industry has struggled with land regulations that waste land. According to the Urban Land Institute, since 1994, housing on lots larger than 10 acres accounted for 55 percent of the land developed nationally. Minimum lot sizes exceed what the market demands, street widths exceed what is necessary or prudent for safety, urban open space requirements result in parks that cities cannot afford to maintain, and land splits in rural areas create parcels that are too big to mow, but too small to farm.

This land use pattern is not what homeowners will be looking for in the future. Demographic trends in Wisconsin and other states show that the average household size will continue to shrink, increasing the share of future residents who will want something besides the traditional three-bedroom home on a half-acre lot. The most recent Census data reported in 2003 that, for the first time, there were more single-person households (26.4 percent) than married-couple-with-children households (23.3 percent). This trend will continue for several decades. The two demographic groups growing the fastest, people in their mid-20s and empty-nesters in their 50s, are the groups most likely to want an alternative to low-density, single-family housing.

According to the National Association of Home Builders, "typical" density is an average of four housing units per acre. Typical density in Wisconsin is nowhere near that number. Data from the Wisconsin Department of Administration (DOA) indicates that 13,822 acres of land were platted for development in Wisconsin's 24 fastest-growing counties (not including Milwaukee) last year. A total of 18,934 lots were created on those acres, for an average new lot size of 0.73 acres. That yields a density of just 1.5 housing units per acre. A modest change in density will allow both governments and the private sector the ability to provide the kind of homes more people want in a way that better manages land resources. According to a survey commissioned by the National Association of Realtors, 60 percent of home buyers would opt for a neighborhood that offers shorter commutes, sidewalks, and other "walkable" destinations over one with larger lots and longer commutes.⁶

Benefits of Higher Density Development

In addition to reducing the pressure for agricultural land conversion, an overall increase in non-agricultural development density would have several other important benefits. First, reduced street widths would, according to national research, reduce the number and severity of traffic accidents. Narrower streets in residential areas promote slower speeds. This has been documented to reduce accidents.

Properly designed housing at higher average densities reduces pollution. Storm-water runoff from higher-density “traditional neighborhood developments” is less than runoff from more spread out, conventionally-designed subdivisions. The state of New Jersey commissioned two studies confirming that compact development can achieve a 30 percent reduction in storm-water runoff and an 83 percent reduction in water consumption compared to conventional suburban development.⁷

Higher average densities reduce government expenses. Narrower streets cost less to plow and pave. Homes that are closer together mean fewer miles of sewer and water pipes. Reduced storm-water runoff will cap one of the fastest-growing public utility expenses in Wisconsin. Finally, higher densities make public transit systems cost effective.

None of these benefits need to come at the cost of community character, and dramatic increases in density are not necessary to achieve these benefits. With a 20 percent increase in density, 20-unit subdivisions would become 24-unit subdivisions, lot sizes would decrease from 120-by-90 foot quarter-acre lots to 110-by-80 foot lots, and 35-acre minimums in rural areas would become 28-acre minimums.

Density Recommendation

In light of these benefits, the **Working Lands Initiative Steering Committee recommends, as an initial target, a 20 percent increase in the overall average density of development** in urban, suburban, and rural settings. This modest change would reduce the amount of land needed for development by over 3,300 acres per year, and would reduce the cost of housing and municipal services.

To accomplish this goal, local governments should be supplied with information, education, and, as budgets allow, incentives to cooperatively adopt zoning and subdivision ordinances that, as an initial target, increase overall densities by 20 percent. There are a variety of methods that together or alone will help achieve this increase. The Committee does not advocate *mandating* local adoption of any one of these methods. Instead, a group of local governments should choose the methods that work best for their situation. Some of those locally-driven solutions could include:

- ⊕ Implementing comprehensive plans and urging the state to fund the Smart Growth Dividend that was authorized when Wisconsin established a comprehensive planning law;
- ⊕ Reducing minimum lot size requirements within single-family zoning;
- ⊕ Allowing a mix of similar residential uses (single-family, duplex, four-family) within new developments;
- ⊕ Allowing mixed residential and commercial/office uses within new developments;
- ⊕ Adopting and implementing the model Traditional Neighborhood Development ordinance created as a result of Wisconsin’s comprehensive planning law;
- ⊕ Allowing duplexes to be included within all single-family residential zoning;
- ⊕ Establishing a maximum lot size within single-family zoning;
- ⊕ In rural areas, eliminating 35-acre housing lots;
- ⊕ In rural areas, implementing the model Conservation Subdivision ordinance created as a result of Wisconsin’s comprehensive planning law; and

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- ⊕ Reducing typical residential street widths by 12.5 percent (if typical streets are 32 feet wide, reduce that width to 28 feet).

Locally-Designed Cooperative Approaches to Adoption

The list above illustrates just a few of the methods that communities could use to easily reach the initial 20 percent density increase goal, but the Committee believes additional mechanisms need to be utilized to convince communities to adopt such methods. Such mechanisms could include the following:

- ⊕ Encouraging cities and villages to cooperate with towns and counties in the development and implementation of agricultural development and preservation strategies, including boundary agreements, tax-base sharing, and density goals and standards.
- ⊕ Contracting between the state and a private, nonprofit organization to promote and facilitate local agreements on density increases. Organizations representing local governments could be invited to participate in the design and implementation of information and education programs on impacts of density increases.
- ⊕ Creating public education campaigns to explain the rationale behind and the benefits of increasing density, so that local officials will feel more comfortable advocating this policy.

Finally, the Committee recognizes that the end (20 percent increase in density) can be achieved by different means and welcomes local creativity and innovative state-local partnerships in implementing this proposal. Each area of the state should be allowed to adopt initiatives that work best for that area.



Photo by USDA NRCS

Expanded Education, Training, and Technical Assistance to Local Government Officials and the Public

The Working Lands Initiative Steering Committee is recommending a range of voluntary state programs to improve protection and use of working lands that will require a significant level of responsibility for local units of government. In making these recommendations, the Steering Committee is following the general policy, long in effect in Wisconsin, that most programs related to land use should largely be planned and implemented at the local level, with the state providing a range of leadership, standards, incentives, and assistance.

The programs recommended by the Committee, including purchase of development rights, Farmland Preservation, Working Lands Enterprise Areas, and agricultural and comprehensive planning, are complex and challenging at many levels. In many cases, local officials and citizens may not have sufficient background to understand completely the complex issues, opportunities, and pitfalls related to these programs, but they commonly do have a strong and sometimes passionate interest in promoting working lands protection goals.

In some cases, there are newer program ideas (e.g., transfer of development rights) or newer and evolving technologies (GIS) that require additional training and assistance. If state programs related to working lands protection and use are to be fully effective, an investment of staff and other resources will be needed for investment at the local level. In addition to education and technical assistance for local officials, the state should expand information and education programs for the public generally. A well-informed public can help to promote effective working lands programs, and can help to give local officials the support needed to develop effective plans, and to make the tough decisions related to implementing these plans.

Examples of Educational Needs

- ⊕ Fundamentals of comprehensive planning and agricultural planning. What are the advantages to communities of good planning? How do you make a plan measurable and useful? How can quantitative information be used to make planning more objective? Balancing community interests, interests of farmers and private property rights.
- ⊕ Implementation tools. What works, where, and why?
- ⊕ Use of technology, including GIS and agricultural data layers.
- ⊕ Leadership development. Examples from Wisconsin and other states (one of the values of tours such as the one recently organized by the American Farmland Trust for Wisconsin citizens and officials).

Audiences

- ⊕ Town and county officials (and to some extent city and village officials).
- ⊕ More specifically, planning and zoning committee members and staff, forestry and other committees, planners, builders and developers.
- ⊕ Citizens.

Providers

The most effective education, training, and technical assistance program will involve a range of providers, each calling on its special areas of expertise, and building on the existing relationships each provider may have.

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Many organizations could have important roles to play in the development and implementation of effective programs. Potentially, there could be a partnership among the University of Wisconsin Extension and other units of the UW system, the Wisconsin Counties Association and Wisconsin Towns Association, and DATCP and other state agencies.

In addition, these organizations may wish to consider developing a new local leadership development organization, organized as a separate entity or perhaps as a collaborative partnership, using existing organizational structures.

In developing an expanded set of programs, the providers should consider regional delivery approaches (for the sake of efficiency), and use of newer technology to expand delivery capacity.

Education and Training Recommendation

The Committee recommends that the Department of Agriculture, Trade and Consumer Protection should collaborate with other organizations and agencies to develop an expanded training, education, and technical assistance program for local government officials and the public.

Building Capacity for Markets and Agriculturally-Based Economic Development

Farm profitability is a powerful means of preserving agricultural lands. It is easier to protect farmland when the farm operations on that land are profitable. Important strategies to increase farm profitability as well as protect critical agricultural infrastructure include support for expanding market opportunities, value-added agriculture, and agriculturally-based entrepreneurship. Rebuilding and building new agricultural value-based supply chains will offer business opportunities in urban centers, in rural communities, and for individual farmers. A complementary program of coordinated and comprehensive economic development strategies and services is critical to effective land use policy.

Support for increased agricultural economic development capacity needs an enabling framework from local, state, and federal governments to empower thriving private enterprise. The state needs to play the crucial lead role in creating this favorable business climate for agriculture. For example, it can and should set forth a vision that actively recognizes that growing the state's agricultural economy is a cornerstone of its economic strategy. Regulatory, loan, granting, and other economic development policies across many agencies should reflect a commitment to supporting agriculturally-based businesses as an important economic asset.

Working farmland cannot be preserved by focusing only on small or large farm consolidation. There are significant opportunities for more profitable positioning of mid-size farms, of which Wisconsin has a preponderance across many commodities. A crucial method of improving viability and profitability of mid-size farms is through aggregating value-based supply chains, through which individual producers can combine similarly characterized production through cooperatives, producer networks, and other emerging business models.

Recommendations for Positioning the State to Grow an Innovative and Robust Agricultural Economy

Wisconsin has been recognized historically around the nation and the world as a source of diverse, high quality foods. To remain so in the future cannot be taken for granted. The image of Wisconsin in the minds of local, regional, national, and international buyers must be more aggressively positioned and reinforced. Wisconsin's image as a vibrant, high-quality food producer in the future depends on citizens and leaders understanding the need to preserve and protect working lands.

To ensure that Wisconsin retains its respected position, the Steering Committee recommends the following state actions:

- ⊕ Create an ongoing public/private process and center that focuses on identifying opportunities for growing new and existing agriculturally-based businesses and positioning, educating, and engaging the Midwest region and the world in the future of Wisconsin agriculture. The center's purpose would be to inform, inspire, and engage farmers, prospective farmers, processors, cooperatives, agriculturally-related businesses, investors, and the general public about the opportunities and importance of growing a robust Wisconsin agricultural economy and connecting entrepreneurs to opportunities, and businesses to businesses.
- ⊕ Aggressively assist local and regional food initiatives through a grants program that reinforces and builds upon Wisconsin's growing diverse and high quality and locally-sourced food.
- ⊕ Conduct a Statewide Agricultural Asset Analysis to get a current understanding of existing major infrastructure, producer regions, niche markets, processors, soils types, farm size, etc. This information will guide regional collaborations on agricultural innovations and business opportunities.

Assistance for Growing Agricultural Businesses

- ⊕ Substantially increasing the staff and funding for the state's Agricultural Innovation Center for the purpose of serving as an entrepreneurial clearinghouse to help entrepreneurs find the needed technical expertise, grant and loan assistance, business planning, market feasibility studies, development of value-based supply chains, other capital sources, mentors and advisors, peer groups, and market planning and development resources that can help build their businesses more effectively and profitably.
- ⊕ Make grants available to regions and market segments to develop and build new agricultural businesses, new markets, and new supply chains. Grants are needed to provide the funds for needed expertise to effectively develop projects.
- ⊕ Significantly strengthen the state's research and extension capacity to provide information on production economics at the farm level, as well as development opportunities so that farmers can receive better information about their current and prospective farm finances and processing/marketing ventures (profit centers, cost centers, what's gaining and losing ground, etc.).
- ⊕ Successful collaborative farmer marketing initiatives usually require a paid coordinator to organize meetings, assure project cohesion, and help the group develop and implement a workplan. We recommend state and federal financial support for this function to support start-up agricultural businesses.

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- ⊕ Create an inter-agency and private sector collaboration designed to provide a real-world infusion of practical and technical knowledge to potential new agricultural market and value-added initiatives through the help of the private sector, entrepreneurs, university research, and technology.
- ⊕ Agricultural cooperatives and other business collaborations need capital as well as technical support. Both private and public sector lenders need on-going education about how to evaluate risks and opportunities in emerging agricultural markets.

Opportunities for Collaboration

There is a natural connection between farming and forestry. Many farms include a portion of forested land. Farmers tend to have longer land tenure than many other private forest owners and farmers see their land as an economic asset. Many other private forest owners are more interested in recreation and aesthetic enjoyment than profitable management. There are important similarities between the problems facing forestry and the problems facing agriculture. Both are subject to market forces that call for value-added strategies. Both face an aging workforce and need to recruit, train, and assist new owners and workers. Both face land fragmentation. The Department of Natural Resources (DNR) has several established programs addressing issues of working lands as they apply to forests. (For a description of such programs, please see Appendix E, available at the working lands website: <http://www.datcp.state.wi.us/workinglands/index.jsp>). These programs provide good models for agricultural programs.

Governor Doyle's Conservation Agenda, Conserve Wisconsin, identifies two initiatives that advance sustainable forestry, reduce forest fragmentation, and encourage the consolidation of forested land. At the request of the Governor, the Department of Natural Resources, Division of Forestry is advancing two sustainable forest land initiatives:

- ⊕ State Forest Legacy Program; and
- ⊕ Managed Forest Law Public Access Program.

The Division of Forestry is also working with its partners on several other initiatives and programs to ensure the sustainability of Wisconsin's Working Forests, including:

- ⊕ Multiple owners working in partnership to enhance their working forests;
- ⊕ Council on Forestry Research Agenda;
- ⊕ Forestry Best Management Practices for Invasive Species; and
- ⊕ Wisconsin Master Logger Program.

Lessons from Natural Resources Programs

Working lands are both forested lands and agricultural lands. There are important opportunities for collaboration between agricultural and natural resources approaches to protection. For one thing, natural resources programs have many lessons to offer agricultural programs. These include:

- ⊕ The importance of identifying areas of statewide significance;
- ⊕ The need for specific criteria for assessing preservation options;

- ⊕ The importance of public involvement, including drawing on the public's extensive knowledge of the areas where they live;
- ⊕ The crucial nature of mapping and analysis information including trends in land use, demographics, and the economy; and
- ⊕ As the DNR's experience with the Managed Forest Law illustrates, the importance to program efficiency of addressing working lands issues at a larger scale than individual properties and of finding ways to increase the profitability of working lands to their owners.

Recommendation for Collaboration

The Committee recommends that DATCP and DNR collaborate in the creation and administration of working lands preservation programs. Important opportunities to coordinate forestry programs with farmland programs include buffering forested lands with agricultural lands, jointly providing environmental benefits, considering public access to preserved lands, and coordinating the selection and funding of important properties for preservation. Such collaboration opportunities could specifically include:

- ⊕ Coordinating farmland programs with conservation land programs, including recognizing Land Legacy Places in agricultural preservation efforts and using agricultural lands as buffers for natural areas;
- ⊕ Coordinating new farmer programs with similar programs of the DNR Division of Forestry and the Wisconsin Professional Loggers Association; and
- ⊕ Coordinating Agricultural Enterprise Areas and the Green Tier Program.

There is value in coordinating specific working lands protection activities. Agriculture, forestry, recreation, and conservation lands can be effectively located near one another. Agriculture and commercial forestry lands can serve as landscape buffers between conservation and recreation areas and residential areas.



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There will be inevitable conflicts over issues such as habitat restoration, wildlife damage, and trespass and public access. Coordination of programs will help resolve these conflicts and avoid situations where both natural resources and agricultural goals are harmed.

Through coordination, there is an opportunity to:

- ⊕ Create exceptional recreation opportunities by linking conservation lands into a network that collectively provides a wide variety of easily accessible outdoor recreation opportunities;
- ⊕ Create a network of conservation lands and habitat corridors focused on wildlife, water, and working farms; and
- ⊕ Combine ecology and economics to integrate working lands, conservation and recreational lands with planned future growth of local communities.

The connections are even stronger when one considers how many Wisconsin farmers depend on forestry directly. Wisconsin farmers are often forest landowners as well as farmers and work in the forest products industry. Approximately one-third of Wisconsin non-industrial private forestlands are owned by agricultural producers.

To promote improved collaboration with environmental goals in farmland preservation plans and working lands areas the following actions should be taken:

- ⊕ Recognize the forest and environmental aspects of farms, including farm acreage in wetlands, grasslands, streams, and forests.
- ⊕ Include sound conservation practices in agricultural programs, including encouraging widespread compliance with the DNR agricultural performance standards.



Photo by USDA NRCS

Funding Options

Most of the policy options discussed in this report would require additional funding. There are many funding options, including bonding, dedicated taxes, tax exemptions or credits, penalties, and special funds. Other states can provide models for each of these sources. However, the selection of an appropriate funding source for a particular program depends on the details of the program, availability of funds, and legal issues unique to Wisconsin. The Steering Committee did not attempt to reach consensus on the most appropriate funding sources, believing that choice is best made by the Governor and the Legislature and indicating that the Committee's support for these policy options will be contingent upon selecting an appropriate funding source.

The following funding options are used by one or more states and local governments:

Bonding

States and local governments with bonding authority may issue bonds for land preservation programs. Generally, bond proceeds are used for permanent purchases. Wisconsin has important constitutional limitations on use of bond proceeds, including the internal improvements clause.

Bonding has been used to fund purchase of development rights programs and outright land purchases. Recent examples of bonding include purchase of development rights programs in Pennsylvania (\$80 million in 2005) and Ohio (\$25 million in 2005).

Dedicated Taxes

Many states and local governments use dedicated tax revenues for land preservation, including:

- ⊕ General property tax revenues,
- ⊕ Special district property tax revenues (where additional property taxes are imposed within a special district, for use in land preservation),
- ⊕ Real estate transfer taxes, including transfer taxes limited to agricultural land or agricultural land being converted to development (e.g., Maryland has both a general transfer tax and an agricultural conversion tax which generate over \$300 million annually for agriculture and open space preservation),
- ⊕ Sales taxes,
- ⊕ Room taxes, and
- ⊕ Cellular phone taxes (City of Virginia Beach, Virginia).

Tax Exemption Devices

Many programs provide benefits through tax exemption devices including exemptions and credits. The funding source for these programs is usually forgone revenue to a state's general fund, though the Michigan Designated Open Space Easement program pays certain property tax credits from the Michigan Department of Agriculture's operating budget.

Possible exemption devices include:

- ⊕ Donated easement credits, which provide an income tax credit for the value of donated conservation easements. The credit would encourage landowners to accept a below market price when selling development rights. At least ten states provide such credits for agricultural, natural resource, and historic preservation.

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- ⊕ Installment purchase interest exemptions, which allow landowners to be paid for their development rights in installments, with interest, over 20-30 years. Interest is exempt from income taxes.
- ⊕ General income tax credits, which can be provided to landowners who participate in particular programs. The Wisconsin Farmland Preservation Program provides such credits, which are based on property taxes paid and household income.

In addition, conservation tax credits can be made transferable. Transferable credits can be sold from the initial claimant to a third party. This occurs when the initial claimant's income is too low to receive the full benefit of the credit.

The ability to transfer a credit can increase its value to the initial claimant and make the credit a more effective instrument of land preservation. However, successful credit trading systems have relied on professional brokerage assistance, either through private brokers (Virginia) or nonprofit organizations (Colorado). Issues of pricing, transparency, and eligibility also need to be resolved.⁸

General and Other State Funds

Programs can be funded from a state's general fund or from separate funds. General funds can be used for any state purpose, but separate funds are often limited.

Colorado relies heavily on lottery funds for land preservation. The Wisconsin constitution limits the use of Wisconsin lottery funds to property tax relief. A portion of lottery funds are currently used for the Wisconsin Farmland Tax Relief Credit.

Maryland and Kentucky used proceeds from the tobacco settlement for land preservation efforts aimed at tobacco farmers.

Penalties, Repayments, and Mitigation

One potential source of funds is penalties and repayments paid by landowners who withdraw from a land preservation program before their term expires. Programs offering term easements, differential assessment, or other benefits often include a penalty or repayment clause assessed when a landowner leaves the program or when land is converted from agricultural use. Penalties can be used for state grants, local land preservation programs, or to support local planning activities.

Some programs include a mitigation requirement, whereby a developer is required to preserve some number of acres for each acre developed. Though such a program could require the developer to purchase land or development rights, it may be more efficient to have developers pay into a central land preservation fund, which would have greater expertise and flexibility in such purchases.⁹

Donations

Donations by landowners of a portion of their land's value play a central role in purchase of development rights programs. In addition, programs may solicit cash donations either directly, or through a check-off on income tax, license, or other forms. Kent County, Maryland uses a check-off.

Federal Funds

The federal government funds land preservation programs through the Farm and Ranch Lands Protection Program, Hazard Mitigation Grant Program, transportation programs including ISTEA and TEA-21, and other programs.

Revolving Loan Funds

Revolving loan funds provide interim financing to nonprofit or local government land conservation organizations and thereby increase those organizations' flexibility and speed of response. Because the loans must be repaid, they are aimed at organizations with the financial capacity to make longer-term financial plans.

Revolving loan funds were initially internal to a particular conservation organization. New funds, such as those in Colorado, Maine, and New Jersey, have been created to serve external clients.¹⁰

Wisconsin could consider establishing a revolving loan fund as a state entity or in partnership with a private organization. State and local governments could also pursue loans from existing revolving loan funds.

Limited Development Strategies

Limited development strategies combine conservation goals with development goals in creative, entrepreneurial projects. Generally, the conservation portion of a project is funded through sale of development rights, increased density allowances, or higher sale prices generated by conserved amenities. Such strategies do not generate funds for use in state programs, but they can attract financial and development expertise in support of innovative projects.¹¹

Built Infrastructure Financing

Funds for infrastructure improvements could potentially be used to support preservation of working lands. The highway expansion project for US Highway 12 in Dane and Sauk Counties included funding for land preservation purposes. However, state statutes currently limit the use of transportation funds for these purposes. Also, federal and state Drinking Water Revolving loan funds have been used to purchase lands to provide water filtration.¹²

Potential Farm Bill Conservation Programs

Many organizations are proposing that the next Federal Farm Bill accelerate the transition from commodity-based farm programs to conservation-based programs. Wisconsin could both advocate for such a change and pursue specific federal funding on a pilot program basis.¹³

Other

No funding list would be complete without mention of Kent County, Maryland's innovative use of a themed credit card for land preservation. Though such approaches may yield limited funds, they can play an important role in leveraging state and federal funds and can illustrate and symbolize a local community's dedication to preserving its working lands.

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Authorship

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The following individuals served on the Working Lands Initiative Steering Committee:

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Farmland Preservation Subcommittee

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Jerry Bradley

Denny Caneff

Gary Rohde

Rick Stadelman

Matt Stohr

The subcommittee had seven meetings:

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New Farmer Subcommittee

Following a presentation at the May meeting by Steering Committee member Dick Cates on new farmer issues, the Committee chose to form a subcommittee to develop a specific proposal. The Subcommittee members were:

Dick Cates

Margaret Krome

Ed Brooks

Jerry Deschane

Sue Beitlich

State Agency Liaisons

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Jordy Jordahl (Department of Administration)

Tom Ourada (Department of Revenue)

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Invited Presentations

The following people graciously appeared before the Steering Committee:

Brad Barham, University of Wisconsin Department of Agricultural and Applied Economics
Greg Blonde, University of Wisconsin Extension, Waupaca County
Dick Cates, Wisconsin School for Beginning Dairy Farmers
Rick Dale, Bayfield County Farmer
Jerry Deschane, Wisconsin Builders Association
Vicki Elkin, Gathering Waters
Scott Everett, American Farmland Trust
Jeremy Foltz, University of Wisconsin Program on Agricultural Technology Studies
Rob Gottschalk, Vandewalle & Associates/Blue Planet Partners
Lance Gurney, Sauk County Planning Director
Anna Haines, Center for Land Use Education
Bruce Haukom, Jefferson County Director of Planning and Zoning
Jim Holperin, Secretary, Department of Tourism
Will Hughes, Department of Agriculture, Trade and Consumer Protection
Bruce Jones, University of Wisconsin Department of Agricultural and Applied Economics
Jordy Jordahl, Wisconsin Department of Administration
Mike Koles, University of Wisconsin Extension, Waupaca County
Margaret Krome, Michael Fields Agricultural Institute
Matt Kures, University of Wisconsin Center for Community Economic Development
Jim Matson, Wisconsin Department of Agriculture, Trade and Consumer Protection
Erin O'Brien, Wisconsin Wetlands Association
Ruth Oppedahl, Bayfield Regional Conservancy
Laurie Osterndorf, Wisconsin Department of Natural Resources
Tom Ourada, Wisconsin Department of Revenue
Paul Pingrey, Wisconsin Department of Natural Resources
John Pohlman, Wisconsin Department of Natural Resources
Terri Potter, Meriter Health Services, President and CEO
Bill Provencher, University of Wisconsin, Department of Agricultural and Applied Economics
Robin Shepard, University of Wisconsin Extension
Fred Souba, Wisconsin Council on Forestry
Steve Ventura, University of Wisconsin Soil Science Department
Jim Warren, Wisconsin Department of Natural Resources

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Acknowledgements

Public Comment

The following members of the general public also provided their thoughts and comments to the Committee:

Representative Sheryl Albers

Bill Bruins, Wisconsin Farm Bureau Federation

Kenn Buelow, Glacial Lakes Conservancy

Margaret Burlingham

Cara Carper, Lafayette County UW Extension

James Celano, Geneva Lake Conservancy

Chris Goebel, Glacial Lakes Conservancy

Karl Hakanson

John Hendrick

John Julius

Janet Kassel

Karl Klessig, Glacial Lakes Conservancy

Gloria McCutcheon, Department of Natural Resources

Kate Wipperman, Natural Heritage Land Trust

Linda Zillmer

More Information

For more information on Wisconsin's working lands and on the proceedings of the Working Lands Initiative Steering Committee, please visit the Working Lands Initiative website at

<http://www.datcp.state.wi.us/workinglands/index.jsp>

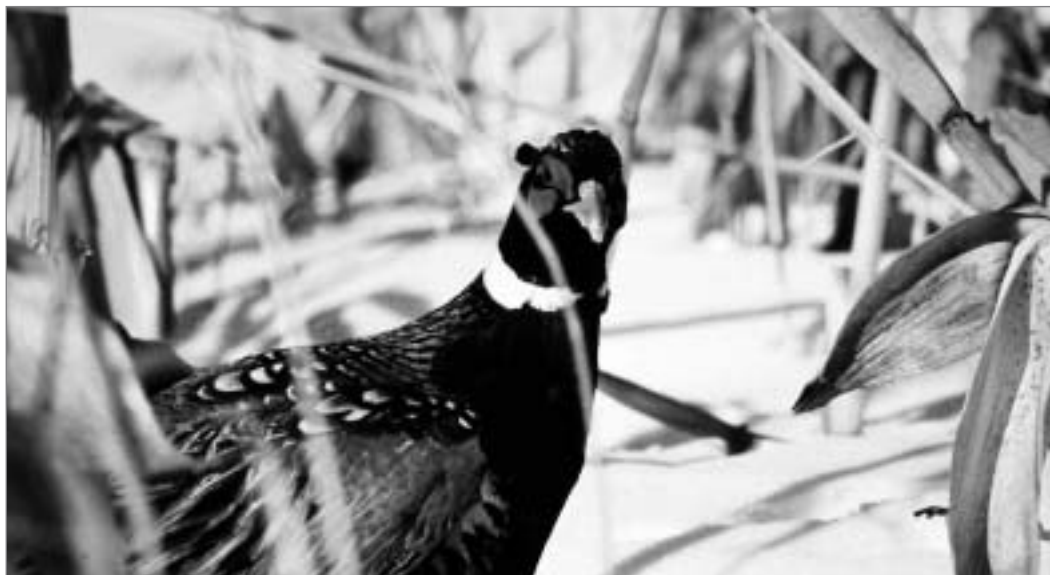


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Endnotes

¹ Egan-Robertson et. al., 2004.

² Rickenbach & Steele, 2004.

³ Lockeretz (1989) & Nelson (1990).

⁴ Daniels & Bowers, p. 151.

⁵ Haughey, R.M. (2005).

⁶ Haughey, R.M. (2005) p. 7.

⁷ Haughey, R.M. (2005) p. 22.

⁸ See Hocker, P. M. (2005).

⁹ For a general discussion of mitigation programs, see Davis, A. (2005).

¹⁰ See McBryde, M., Stein, P. R. & Clark, S. (2005).

^{1E} See Sullivan, N. & Rosenberg, S. (2005).

¹¹ See More, J.T. (2005).

¹² See Bonnie, R. (2005).

