

Conversion of Agricultural Land

Guide to Estimating Charge for Conversion of Agricultural Land

Property that has benefited from lower property taxes due to its use-value assessment as agricultural land may be subject to a conversion charge. This occurs when its use is converted to a residential, commercial, or manufacturing, or becomes exempt and the use is no longer agricultural. The conversion charge is effective upon the assessor's completion of the assessment roll in the year following the change in use. Sec.74.485, WI Statutes governs the application of the conversion charge.

The county treasurer is responsible for the administration of the conversion charge. However, the treasurer cannot act until the actual change in use, verified by a change in class on the assessment roll is complete. This occurs after the assessor has submitted the roll to the local Board of Review (BOR), which will resolve any outstanding issues with the assessor's decision on the proper classification. Once the BOR is complete (typically between May and October), the assessor must provide the county treasurer a list of the owners who converted the use of agricultural acreage in the previous year. Conversion charge invoices are issued from the County Treasurer's office with a due date within 30 days of the issue date. Unpaid conversion charges will be added as special charges on the next property tax bill.

Estimating

For those who want to estimate the conversion charge amount prior to the actual calculation by the county treasurer, whether for estimating project costs, negotiation of a purchase, or for escrow at closing, we offer the following:

Determine who will be liable for the Conversion Charge. The person owning the property at the time of the conversion will receive the bill.

- For example: the developer/grantor begins construction of a house in March; Even if the house is sold in September, the conversion charge will be due from the grantor, not the grantee; The grantor is required by law to give the grantee notice of the conversion charge status.

Determine how many acres had been assessed as 'agricultural use' the prior January 1 and are being converted.

- For example: eight acres had been a cornfield but now consists of a house, lawn and a five acres of a cornfield; three acres were converted and are eligible for the conversion charge.

Determine the proper Conversion Charge per acre (the larger the number of acres converted, the smaller the charge). This is based on the number of changed acres by the same owner in the same community.

- For example: If the same owner in the above example converted another 12 acres in the same community in the same year, they would have a 15-acre conversion charge. Conversion charge rates per acre change annually this information is received from Dept. of Revenue. This is just an example to show calculations -
 - a. 15 acres times \$492.00 per acre charge equals a conversion charge of \$7,380.00.