

- The bill increases the finable provisions in the Agricultural Security Areas Law, which could potentially increase fine revenues for counties and townships.
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Detailed Fiscal Analysis

Background

Current law allows for the establishment of Agricultural Security Areas, where owners of land located in unincorporated parts of a county may enroll the land in these designated areas. In order for land to be enrolled in an Agricultural Security Area, the land must contain at least 500 acres of contiguous farmland that is located in the unincorporated area of a township or county, must be valued and assessed as real property in accordance with its Current Agricultural Use Value (CAUV), and meet other requirements. The application for enrollment must be approved by the boards of township trustees and boards of county commissioners where the property is located. As of March 20 2008, there were 17 Agriculture Security Areas on file with the Department of Agriculture.

As part of the application for enrollment, an applicant must pledge not to initiate, approve, or finance any new development for nonagricultural purposes. Current law also establishes application requirements, hearing requirements, and authorizations to build dwellings or conduct business, renewal and withdrawal requirements, and fines for noncompliance. The bill makes changes to these various aspects, including the application processes, transferring and adding additional land to an Agricultural Security Area, hearing processes, and allowable business operations.

Qualifying real property

The bill changes the tax exemption provisions of the Agricultural Securities Law related to qualifying agricultural real property. Current law defines qualifying agricultural real property as a building, structure, improvement, or fixture that is used exclusively for agricultural purposes, is located in an agricultural security area, and has a "true value in money of \$25,000 or more." The bill changes this definition to real property that has "an aggregate new investment value of \$25,000." This change could potentially expand the number of eligible structures that could qualify for this exemption, as a result decreasing property tax revenue for the affected township or county over what might be collected under current law.

Applications – public notification procedures

Current law permits boards of county commissioners and boards of township trustees to hold joint meetings to conduct hearings on applications for forming agricultural security areas. Generally, both the county and township are thus required to publish notice of these hearings to their respective residents. The bill provides that the county clerk of the county in which the majority of the land that will be enrolled serve as the clerk on behalf of all participating political subdivisions. Part of these duties is to notify all necessary individuals of the meeting. Therefore, the bill could increase county notification costs minimally, while reducing those costs for townships.

Fines

The bill also makes changes to fine requirements. Current law provides for a fine of \$500 for violations of the Agricultural Security Areas Law that deal with notice of withdrawal or failure to comply with the required statement that the land will be used only for agricultural purposes. Instead, the bill permits a \$500 fine to be levied for violations of each provision of the Agricultural Securities Law. This could potentially increase fine revenues to counties.

LSC fiscal staff: Terry Steele, Budget Analyst

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