

Now is the Time to Make Sure Your Lands are Properly Classified

Property taxes for next year are based on how land was classified on January 1. It is important that your lands are properly classified to avoid over payment of taxes. Although "Productive Forest" land is taxed at full fair market value, land meeting the definition of "Undeveloped" or "Agricultural Forest" is taxed at 50% of fair market value.

Unfortunately assessors are not able to get out and field-inspect every parcel of land, often having to utilize air photos to make determinations of how land should be classified and taxed. Quite often lands that are poorly drained and support mainly marsh and lowland brush species can appear to be growing trees from an air photo. As a result they are miss-classified as "Productive Forest" when they more accurately meet the definition of "Undeveloped". Your tax bill will not normally show how your land is classified so you will need to ask your assessor or local official to get this more detailed information.

If your woodland is in the managed forest law and subject to a separate tax calculation does it still matter? Yes. If the land is ever withdrawn from the MFL penalties will be based upon how the land was classified. If your woods meet the definition of agricultural forest or if your 20% unproductive land was classified as productive forest, you would end up with a significantly higher penalty than if it was properly classified.

Definition of "Undeveloped" Land.

Undeveloped land is defined by statute to include bog, marsh, lowland brush, uncultivated land zoned as shoreland under Section 59.692, Wis. Stats. and shown as a wetland on a final map under Section 23.32, Wis. Stats. or other non-productive lands not elsewhere classified. This class includes areas commonly called marshes, swamps, thickets, bogs, or wet meadows; areas with soils of the type identified on soil maps as mineral soils that are "somewhat poorly drained," "poorly drained," or "very poorly drained," or "water," and areas where aquatic or semi-aquatic vegetation is dominant. This class also includes fallow tillable land (assuming agricultural use is the land's highest and best use), road right of way, ponds, depleted gravel pits, and land that, because of soil or site conditions, is not producing or capable of producing commercial forest products. Undeveloped land is assessed at 50% of its full value. After determining the full value of qualifying undeveloped land in accordance with Section 70.32(1), Wis. Stats., state case law, and professionally accepted appraisal practices, the value is reduced by 50% under section 70.32(4), Wis. Stats.

Definition of "Agricultural Forest" Land.

Effective for the 2005 assessment year, 2003 Wisconsin Act 230 amended the statutory definition of "agricultural forest." Section 70.32(2)(c)1d, Wis. Stats. now defines "agricultural forest" as land that is producing or is capable of producing commercial forest products, if the land satisfies any of the following conditions:

- a) The forest land is contiguous to a parcel that has been classified in whole as agricultural land. The forest land and the contiguous agricultural parcel must have the same owner. Contiguous includes separated only by a road.*
- b) The forest land is located on a parcel that contains agricultural land for the January 1, 2004 assessment, and on January 1 of the current assessment year.*
- c) The forest land is located on a parcel where at least 50 percent of the acreage was converted to agricultural land for the January 1, 2005, assessment year or thereafter.*

“Agricultural forest” land is assessed at 50% of its full value. After determining the full value of qualifying “agricultural forest” land in accordance with Section 70.32(1), Wis. Stats., state case law, and professionally accepted appraisal practices, the value is reduced by 50% under Section 70.32(4), Wis. Stats.

Definition of Productive Forest Land as found in Wisconsin Statutes

70.32 (2)(c) 2. “Productive forest land” means land that is producing or is capable of producing commercial forest products and is not otherwise classified under this subsection.

Additional Information

The agricultural data provided in the example tables is an average of grade 1, 2, and 3 cropland and pasture values. To find a more detailed breakdown of these calculated use values look under Agricultural Assessment on the Reports page.

To learn more about how land is classified and assessed, the Wisconsin Department of Revenue has several excellent publications. These publications can be found by going to the Department of Revenue’s home page and looking for Publications under Quick Links. Property Tax publications are found under the Government heading. Publications which may be of particular interest include the Agricultural Assessment Guide and Guide for Property Owners. For those really wanting detail on how property is assessed, land values determined, and the process assessors must follow, the entire Wisconsin Property Assessment Manual is also available on this site.

Links

DOR’s Home Page: <http://www.revenue.wi.gov/>

Reports: <http://www.revenue.wi.gov/report/index.html>

Property Tax Publications: <http://www.revenue.wi.gov/html/govpub.html#property>