

### Fiscal Estimate — 1999 Session

- Original       Updated  
 Corrected       Supplemental

LRB Number - 3591/1	Amendment Number if Applicable
Bill Number SB 469	Administrative Rule Number

**Subject**

Expand the investment authority of the Board of Commissioners of Public Lands

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation       Increase Existing Revenues  
 Decrease Existing Appropriation       Decrease Existing Revenues  
 Create New Appropriation

- Increase Costs — May be possible to absorb within agency's budget.  
 Yes       No  
 Decrease Costs

Local:  No Local Government Costs

1.  Increase Costs  
 Permissive       Mandatory  
2.  Decrease Costs  
 Permissive       Mandatory  
3.  Increase Revenues  
 Permissive       Mandatory  
4.  Decrease Revenues  
 Permissive       Mandatory

5. Types of Local Governmental Units Affected:  
 Towns       Villages       Cities  
 Counties       Others  
 School Districts       WTCS Districts

Fund Sources Affected

- GPR       FED       PRO       PRS       SEG       SEG-S

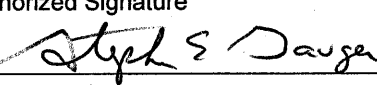
Affected Chapter 20 Appropriations  
 20.507(1)(h)

**Assumptions Used in Arriving at Fiscal Estimate**

This bill allows the Board to invest assets of the four trust funds under the board's control in notes issued by the state of Wisconsin and in the purchase of land. Currently, trust fund assets are invested in loans to municipalities and school districts or in the State of Wisconsin Investment Pool. An investment of one million dollars in the purchase of land would decrease current pool income by an estimated \$53,000 annually based on current annualized returns. Recent sales data indicate that an acre of forest land in northern Wisconsin is worth an estimated \$750-1500 an acre depending on a variety of factors. The BCPL presently manages almost half of its 80,000 acres of land for timber production. It is difficult to project timber sale revenues on future land purchases because of variances in yield. However, based on data collected from 1999 timber sales conducted by the BCPL, the average return from three typical sales on an area of 515 acres was \$360 an acre. There would also be some appreciation in the value of the land over time as adjusted for the value of timber cut. If the land were purchased from private sources there would be some loss of local property tax revenues since the Board does not pay in lieu tax payments for lands it owns or acquires. These losses in property tax revenue would be partially offset by potential increases in state aid payments.

Notes are similar to bonds but are for terms of ten years or less and the return earned by the trust funds would be similar to current earnings from loans which are currently at 5.25% for a loan of ten years in duration.

**Long-Range Fiscal Implications**

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Authorized Signature 	Telephone No.	Date (mm/dd/ccyy) 03/21/2000

**Fiscal Estimate Worksheet — 1999 Session**  
 Detailed Estimate of Annual Fiscal Effect

Original       Updated  
 Corrected       Supplemental

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**Subject**  
 Expand the investment authority for the Board of Commissioners of Public Lands

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations — Salaries and Fringes		\$ 0	\$ - 0
(FTE Position Changes)		( 0.00 FTE )	( - 0.00 FTE )
State Operations — Other Costs		1,500	-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>Total State Costs by Category</b>		\$	\$ -
<b>B. State Costs by Source of Funds</b>			
GPR		\$	\$ -
FED			-
PRO/PRS		1,500	-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			- 53,000
<b>Total State Revenues</b>		\$	\$ - 53,000

**Net Annualized Fiscal Impact**

	State	Local
Net Change in Costs	\$ 1,500	\$ 0
Net Change in Revenues	\$ -53,000	\$

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