

### Fiscal Estimate — 2001 Session

<input checked="" type="checkbox"/> Original	<input type="checkbox"/> Updated	LRB Number 01/1404/1	Amendment Number if Applicable
<input type="checkbox"/> Corrected	<input type="checkbox"/> Supplemental	Bill Number AB-114	Administrative Rule Number

**Subject**  
Bill to allow forested land within cities to be eligible for the Managed Forest Law

**Fiscal Effect**

State:  No State Fiscal Effect

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

- |  |   |
|--|---|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues |
| <input type="checkbox"/> 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 VTAE  
 School Districts  WTCS Districts

Fund Sources Affected

- GPR  FED  PRO  PRS  SEG  SEG-S

Affected Chapter 20 Appropriations  
20.370(1)(mu),(1)(cr), & (5)(bv)

**Assumptions Used in Arriving at Fiscal Estimate**

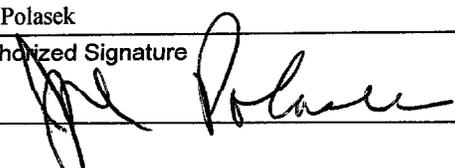
**BILL SUMMARY:** This bill permits landowners within cities to participate in the Managed Forest Law (MFL) program. Under the MFL, landowners with land designated as managed forest land pay an annual acreage share instead of the property taxes that normally would be payable, which in effect, is a reduced property tax rate. Only small acreages would qualify for entry in the Managed Forest Law each year. The entries would concentrate in those cities that have a greater percentage of rural area and woodlands. The average entry would probably be the 10 acre minimum. All the costs and revenues have been annualized but many are cumulative. Interest from some developers may occur where the penalty may be offset by the value of land when it is developed and could be absorbed by the new landowners.

**FISCAL ESTIMATE:** Assessed values within city limits address many additional values beyond the use of the land. Privacy for residential areas, access to utilities, aesthetics, and views are the major considerations. The average 1992 savings, based on the Legislative Audit Bureau's audit of the Managed Forest Law, was 79% for lands in towns and villages. The savings within cities would be expected to be higher normally, and with increasing taxes savings could be expected to increase.

The assumption is that there would be 10 entries of 10 acres each designated as MFL lands each year (100 acres total) and withdrawal penalties would not be a factor for about 5 years. It is assumed that most of these entries would be in cities where the assessed value of vacant forest land is at the high end of the range in suburbs of large cities. It is assumed that 4 of these parcels are assessed at \$30,000 per acre with property taxes of \$500/acre, 3 parcels assessed at \$20,000 per acre with property taxes of \$350 per acre, and 3 parcels assessed at \$700 per acre with property taxes of \$12/acre. This would be a total estimated lost tax revenue to cities of \$30,860 (4 parcels X 10 acres X \$500 = \$20,000, etc. etc.). Increased income to the state would be \$300 annually (\$1.00/acre closed fee x 100 acres and \$20 application fee x 10). The annual tax loss to cities would be offset by increases of \$0.20/acre of forest tax aids x 100 acres and \$0.74/acre acreage fee x 100 acres or \$94. The affected cities, counties and school districts should receive increased municipal and school aids. After a few years, the withdrawal fees and harvest taxes

**Long-Range Fiscal Implications**

The greatest impact will be on the cities with high tax rates and landowners forgoing 90 to 95% (or higher) of the property taxes. Since this is a cumulative issue with new lands being entered each year and contracts running for 25 or 50 years, the impact grows with each year and the increased acreage.

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Authorized Signature 	Telephone No. 266-2794	Date (mm/dd/ccyy) 02/19/01

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**Page 2 Assumptions Narrative  
Continued**

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Assumptions Used in Arriving at Fiscal Estimate – Continued

would replace some of the lost revenue. Any lost revenue is cumulative in that additional entries would add to the total lost revenue each year of their contract.

Due to the relatively low acreage that would be entered, the state cost impacts would be minor. Total state costs are estimated at \$1,500 annually (\$1,330 and 0.03 FTE processing, \$150 supplies/services and \$0.20/acre aid payments x 100 acres). Costs to the local municipality would include administration of the books and are assumed to be \$200 (\$20/entry x 10 entries).

**Fiscal Estimate Worksheet — 2001 Session**  
 Detailed Estimate of Annual Fiscal Effect

Original       Updated  
 Corrected       Supplemental

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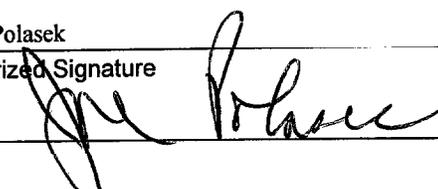
**Subject**  
 Bill to allow forested lands within cities to be eligible for the Managed Forest Law.

One time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):  
 None

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		\$ 1,330	\$ - 0
(FTE Position Changes)		( 0.03 FTE )	(- 0.00 FTE )
State Operations — Other Costs		150	- 0
Local Assistance		20	- 0
Aids to Individuals or Organizations		0	- 0
<b>Total State Costs by Category</b>		\$ 1,500	\$ - 0
<b>B. State Costs by Source of Funds</b>			
GPR		\$ 0	\$ - 0
FED		0	- 0
PRO/PRS		0	- 0
SEG/SEG-S		1,500	- 0
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	<b>Increased Revenue</b>	<b>Decreased Revenue</b>
GPR Taxes		\$ 0	\$ - 0
GPR Earned		0	- 0
FED		0	- 0
PRO/PRS		0	- 0
SEG/SEG-S		300	- 0
<b>Total State Revenues</b>		\$ 300	\$ - 0

**Net Annualized Fiscal Impact**

	State	Local
Net Change in Costs	\$ 1,500	\$ 200
Net Change in Revenues	\$ 300	\$ -30,800

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