

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-1404/1
INTRODUCTION # AB-114
Admin. Rule #

Subject
Allow Managed Forest Land to be in Cities

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. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input checked="" type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input checked="" type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> 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 Ch. 20 Appropriations

20.370 (5) (bv)

Assumptions Used in Arriving at Fiscal Estimate:

Under current law, an owner of 10 or more contiguous acres of forest land in a town or village may apply to the Department of Natural Resources (DNR) to enroll the land in the managed forest land (MFL) program. The application is for 25 or 50 years and must include a forestry management plan demonstrating the owner's commitment to use the land for forestry purposes. At least 80% of the acreage must be capable of producing a minimum of 20 cubic feet of merchantable timber per acre per year. If DNR finds that the land qualifies and approves the management plan, the land is accepted into the MFL program.

Land enrolled under the MFL program is not subject to general property taxes. Instead, an owner of land under the MFL program must annually pay \$0.74 per acre to the municipality, which must forward 20% to the county. An owner of MFL land who chooses to close the land to public access must pay an additional \$1 per acre to the municipality, which must remit the entire amount to DNR. The state annually pays municipalities with MFL land \$0.20 per acre, 20% of which the municipality must pay to the county.

Under the bill, land in cities could be enrolled under the MFL program.

Based on acreage data from the Department of Revenue (DOR) and DNR, it is estimated that about 25% of privately owned forest land in Wisconsin is enrolled under special forest laws, including the MFL program. DOR data for 1999 indicates that about 20,000 acres of forest land lies in cities. Assuming that forest land owners in cities would enroll their land under the MFL program at the same 25% rate as other forest land owners, 5,000 acres (20,000 X 25%) of forest land in cities would be enrolled under the MFL program.

Local fiscal effect: Based on the assumption that 5,000 acres would be enrolled under the MFL program and using the state average equalized value of forest land in cities in 1999 of \$1,460 per acre, \$7.3 million (5,000 X \$1460) in value would be removed from city tax rolls. At the 1999/00 city average net tax rate of

(continued on page two)

Long-Range Fiscal Implications:

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.02421 (\$24.21 per \$1,000 equalized value), about \$177,000 (\$7.3 million X 0.02421) in taxes would be initially shifted to other property owners. This shift would be partly offset by the cities' share of landowner payments of \$2,960 (5000 X \$0.74 X 80%) and DNR payments of \$800 (5000 X \$0.20 X 80%). Further offsets could occur through higher state shared revenue payments and school equalization aid payments.

State Fiscal Effect: There are three state fiscal effects: (1) The state would make a payment of \$0.20 to local governments, for a total of \$1,000 (5000 X \$0.20), of which cities would retain \$800 and \$200 would be forwarded to counties. (2) The state forestation property tax, which is imposed at a rate of 0.0002 (\$0.20 per \$1,000 equalized value) would decline by \$1,460 (\$7.3 million X 0.0002). (3) Assuming 60% (the state average for MFL land in villages) of MFL land in cities would be closed, closure fees to the state would be \$3,000 (5,000 X 60% X \$1).

4EB
2/20/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2001 Session

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Subject

Allow Managed Forest Land to be in Cities

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

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(FTE)
State Operations-Other Costs		-
Local Assistance	1,000	-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 1,000	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S	1,000	-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S	3,000	-1,460
TOTAL State Revenues	\$ 3,000	\$ -1,460

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ +1,000	\$
NET CHANGE IN REVENUES	\$ +1,540	\$ +1,000 and see text of fiscal note

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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