

2005 DRAFTING REQUEST

Bill

Received: **09/01/2005**

Received By: **mglass**

Wanted: **As time permits**

Identical to LRB:

For: **Donald Friske (608) 266-7694**

By/Representing: **Tim Gary**

This file may be shown to any legislator: **NO**

Drafter: **mglass**

May Contact:

Addl. Drafters:

Subject: **Nat. Res. - parks and forestry**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Friske@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Managed forest lands; retroactive date, yield tax exemption, calculation of withdrawal tax

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/P1	mglass 09/12/2005	wjackson 09/13/2005	pgreensl 09/14/2005	_____	lnorthro 09/14/2005		S&L
/1	mglass 09/15/2005	wjackson 09/15/2005	rschluet 09/15/2005	_____	sbasford 09/15/2005	lnorthro 09/16/2005	

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/?							S&L
/P1	mglass 09/12/2005	wjackson 09/13/2005	pgreensl 09/14/2005		lnorthro 09/14/2005		

FE Sent For:

1 wj 9/15

Handwritten signature and date 9/15/05

<END>

2005 DRAFTING REQUEST

Bill

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Addl. Drafters:

Subject: **Nat. Res. - parks and forestry**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Friske@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Retroactive date for managed forest land plans

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mglass	pl wlj 9/13	9/13 p8	9/13 p8/13			

FE Sent For:

<END>

DATE: April 19, 2005

TO: Paul DeLong
Bob Mather

FROM: Carol Nielsen

SUBJECT: Discussion and proposals for clean-up items from 2003 Act 228

During the implementation of 2003 Wisconsin Act 228 (revisions to the Managed Forest Law) several inconsistencies or concerns were noted. The following is a brief description of the concerns and recommendations for statutory changes to correct/fix them.

1) **Effect of the 5 year yield tax exemption (s. 77.87 (1g) and the special addition provisions (withdrawal and re-entry) in 77.82 (4g) (b).**

Sec. 77.82 (4g) (b) Wis. Stats. provides for the withdrawal of an existing order without withdrawal tax and then re-entry of all acres along with *additional* land. These are cases where the *additional* land cannot be entered by itself because it does not meet the eligibility requirements. There is no withdrawal tax assessed at the time of withdrawal and re-entry and they begin a new 25 or 50 year order period.

Concerns here are:

- These entries would not have yield tax in the first five years. (they qualify for the 5 year exemption under s. 77.87 (1g) Wis. Stats.)
- This could be used as a way to avoid yield tax on a harvest that was needed but not completed under the original order.

★ **Recommendation:** Add language to s. 77.87 (1g), Wis. Stats. so that this exemption does not apply to lands withdrawn and re-entered under s. 77.82 (4g) (b), Wis. Stats. This would be similar to other lands listed that do not qualify for the 5 year yield tax exemption (e.g., FCL conversions under s. 77.82 (7) (d), Wis. Stats. and MFL renewals under s. 77.82 (12), Wis. Stats.) Combine with item 2. (Proposed wording after item 2.)

2) **Effect of 5 year yield tax exemption and expiring Forest cropland renewed under the Managed Forest Law.**

Lands which expire from the Forest Crop Law and are renewed under the Managed Forest Law qualify for the 5 year yield tax exemption under s. 77.87 (1g), Wis. Stats. However FCL converted prior to the expiration of the FCL contract under s. 77.82 (7) (d), Wis. Stats. and MFL renewals under s. 77.82 (12), Wis. Stats. are not eligible for the 5 year yield tax exemption.

Concerns here are:

- Expiring FCL land are being treated differently than expiring MFL orders in regards to the 5 year exemption on yield taxes..
- Landowners avoiding any harvest tax (FCL severance or MFL yield) by intentionally dragging their feet and not completing the forestry practice on an expiring FCL contract and doing the harvest during the first 5 years of the new MFL order. This situation has already occurred and is extremely difficult to enforce during the last few years of the FCL contract do to the timing. This would reduce the payments to the municipalities and counties who share these payments.

★ **Recommendations:** Add language to s. 77.87 (1g), Wis. Stats. so that this exemption does not apply to lands expiring from an FCL contract. Combine with the recommendation from item 1.

Proposed statutory changes for items 1 and 2

77.87 (1g) is amended to read:

77.87 (1g) **Exemption.** For a managed forest land order that takes effect on or after April 28, 2004, the owner of the managed forest land is exempt from payment of the yield tax under sub. (1) for the first 5 years of the managed forest land order. The exemption under this subsection does not apply to managed forest land converted pursuant to a petition approved under s. 77.82 (7) (d), ~~or to a renewal of managed forest land order under s. 77.82 (12), to a petition approved under 77.82 (7) at the end of a forest cropland contract under s. 77.03, or to a petition submitted under s. 77.82 (4g) (b).~~

3) **Special addition provisions (withdrawal and re-entry) in s. 77.82 (4g) (b), Wis. Stats. and withdrawal tax.**

Sec. 77.82 (4g) (b) Wis. Stats. provides for the withdrawal of an existing order without withdrawal tax and then re-entry of all acres along with additional land. These are cases where the additional land cannot be entered by itself because it does not meet the eligibility requirements. The lack of withdrawal tax at the time of the withdrawal and re-entry is an appropriate incentive for landowners under these circumstances. The land under the original order remains in the program and under management. Should the land be withdrawn while under the new order of designation the withdrawal tax would only be based on the years under the new order of designation?

Concerns here are:

- The withdrawal tax after re-entry only includes the new entry period. This can result in a significant withdrawal tax saving for some owners – a cheaper way to withdraw lands from the Managed Forest Law commitment. Withdrawal tax is not equitable.
- For example: 80 acres originally entered in 1987 is withdrawn and re-entered with an additional 5 acres in 2006 for a total of 85 acres. Then in 2007 the owner withdraws the land. The withdrawal tax would only be for one year. There would be no compensation to the municipality or county for the 20 years under the original order which was not completed.
- Could have major implications with industrial entries or developers that want a cheap way out, if they have adjoining land and have a couple years to plan.

Recommendation: Modify the withdrawal tax in s. 77.88 (5) for these entries (s. 77.82 (4g) (b)) until the previous order period would have ended. The modified withdrawal tax would include both the withdrawal tax for the current (s. 77.82 (4g) (b)) order period plus the withdrawal tax for the acres under the previous order period at the time it was withdrawn and re-entered under s. 77.82 (4g) (b). The withdrawal tax reverts to the withdrawal tax as calculated under s. 77.88 (5) (a) after the date that the previous order would have expired.

- The assessed value and tax rate for the current (s. 77.82 (4g) (b)) order period withdrawal tax are based on values from the year prior to withdrawal. The number of years is the number of years under the current order.
- The assessed value and tax rate for the previous order's withdrawal tax are based on the values from the year prior to withdrawal and reentry (the last year under the previous order of designation). The number of years is the number of years completed under the previous order of designation.

Proposed statutory changes or item 3:

77.88 (5) (a) is amended to read:

77.88 (5) (a) Except as provided in par. (am) and (an), for land withdrawn during an initial managed forest land order, the withdrawal tax shall be the higher of the following:

s. 77.88 (an) is created to read:

s. 77.88 (5) (an). Until the previous order of designation (order period) would have expired the withdrawal tax for land petitioned for designation under s. 77.82 (4g) (b) shall be the sum of the following:

1. An amount equal to the product of the total net property tax rate in the municipality in the year prior to the withdrawal and the assessed value of the land for the same year, as computed by the department of revenue, multiplied by the number of years the land was designated as managed forest land under the s. 77.82 (4g) (b) designation, less any amounts paid by the owner under ss. 77.84 (2) (am) and 77.87 during the same period.

2. An amount equal to the product of the total net property tax rate in the municipality in the year prior to the effective date of the s. 77.82 (4g) (b) designation ^{and} by the assessed value of the land under the previous designation for the same year by the number of years designated as managed forest land under the previous designation less any amounts paid by the owner under ss. 77.84 (2) (a) and 77.87 during the same period.

Comment [ckn1]: Trying to set the period of time that this withdrawal tax calculation would be used to the period of time when the previous order would have been in effect. So if the original order was effective beginning 1/1/1990 for a period of 25 years this withdrawal tax calculation would be used until the end of the 25th year (12/31/2014).

Comment [ckn2]: Page: 2
Want this to be the amount calculated under 77.88 (5) (a) 1. for the previous acres and order period. Keep in mind that some of the land may have been an "addition" and have a different designation year.

Comment [ckn3]: Page: 2
Page: 2
This should be the last year it was under the previous designation.

new
order

old
order

Wed -

Tim - Friske

6-7694

change implementation date
managed forest law

re: fire plans - June 1]

Trone

change to July 1

wants to include
June plans to
be prepared by DNR

Wed

Carolyn - Hynes

re: Commerce plumbing

6-7746



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-3589/M
MGG:J:....
Wlj
19 1 RMR

Wed
noon

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

may be subject to

Gen

- 1 AN ACT ...; relating to: eliminating the exemption from yield tax for certain
- 2 managed forest lands, management plans for designating land as managed
- 3 forest lands, and calculating withdrawal tax for certain managed forest lands.

Analysis by the Legislative Reference Bureau

Under current law, certain forested land may be designated as managed forest land under a program administered by the Department of Natural Resources (DNR). Under this program, the owner of land designated as managed forest land makes an annual acreage share payment instead of the property taxes that normally would be payable. In exchange, the owner must comply with certain forestry practices and must allow the public on the land with certain exceptions. In addition to the acreage share payment, an owner of managed forest land must pay yield taxes and withdrawal taxes, with some exceptions.

A similar program exists for land designated as forest cropland. Current law prohibits any new land from being subject enrolled in the forest cropland program since 1985. However, there is forest land that is currently in this program since the designations last for 25 or 50 years.

This bill makes the following changes to the Managed Forest Land Program.

Exemption from yield taxes

When merchantable timber is cut from managed forest land, a yield tax is imposed on the value of that timber. Under current law, land subject to managed forest land order that goes into effect on or after April 28, 2004, is exempt from payment of the yield tax. Under current law, this exemption does not apply to land

LPS: Please check extra spaces.

no

Since July 1985

that is converted from forest cropland to managed forest land before the forest cropland designation expires and does not apply to renewals of managed forest land orders. Under this bill, this exemption also does not apply to managed forest land orders that are expanded orders as described below and to managed forest land that was previously forest cropland under a forest cropland designation that has expired.

Management plans and fees

In order for a landowner to participate in the Managed Forest Land Program, DNR must approve a management plan for the land that is submitted to DNR before the petition is approved. The management plan includes the owner's forestry objectives and a description of the forestry practices to be used. For petitions submitted before June 1, 2005, DNR has to prepare the plan if the petitioner so requested, and the petitioner is exempt from paying the portion of the application fee that represents the cost of preparing the plan if the petition is accompanied by a proposed plan approved by DNR or a proposed plan prepared by a qualified forester. For petitions submitted on or after that date, DNR may, but is not required to, prepare the plan. If DNR chooses not to prepare the plan, the petitioner must pay to have a plan prepared by a qualified forester or a plan writer who is certified by DNR, but not under DNR contract, to prepare plans. This bill changes June 1, 2005 date to July 1, 2005. On November 1, 2005, only plans prepared by these certified plan writers will be exempt from paying a plan preparation fee.

June 1, 2005

Calculation of withdrawal tax

Under current law, an owner of managed forest land who wished to include in a managed forest land order land that does not meet the requirements under the program regarding acreage and the amount of merchantable timber may have the original order expanded to include the land if it is at least 3 acres in size and if it is contiguous to the existing managed forest land. Under the bill, if land under the expanded order is withdrawn before the original order would have expired, the withdrawal tax is calculated differently from the regular method used. The tax is the sum of the withdrawal tax under the expanded order, less any yield taxes or acreage share payments made, and the withdrawal tax that would have applied to the original acreage as of the date the expanded order goes into effect, less any yield taxes or acreage share payments made.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

Insert from p. 3 here

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

LPS: Please
1 fix comp.
2

SECTION 1. 77.87 (1g) of the statutes is amended to read:

renumbered 77.87 (1g) (intro.) and

77.87 (1g) EXEMPTION. For a managed forest land order that takes effect on or after April 28, 2004, the owner of the managed forest land is exempt from payment

1 of the yield tax under sub. (1) for the first 5 years of the managed forest land order.
2 The exemption under this subsection does not apply to managed forest land
3 converted any of the following orders:

4 (a) An order converting forest cropland to managed forest land pursuant to a
5 petition approved under s. 77.82 (7) (d) ^{plain} or to a renewal of ^{plain}

6 (b) A renewal order for managed forest land order under s. 77.82 (12).

History: 1985 a. 29; 1991 a. 39; 2003 a. 228.

7 **SECTION 2.** 77.82 (1g) (c) of the statutes is created to read:

8 77.82 (1g) (c) ^{plain} An order under s. 77.82 (8) that designates as managed forest land
9 forest cropland that was subject to a contract under s. 77.03.

10 **SECTION 3.** 77.82 (1g) (d) of the statutes is created to read:

11 77.82 (1g) (d) A order ^{plain} petitioned for under s. 77.82 (4g) (b).

12 **SECTION 4.** 77.82 (4g) (b) of the statutes is amended to read:

13 77.82 (4g) (b) If an owner of land that is designated as managed forest land
14 under an order that takes effect before April 28, 2004, wishes to have designated as
15 managed forest land an additional parcel of land that is in the same municipality,
16 that is at least 3 acres in size, that does not satisfy the requirements in sub. (1), and
17 that is contiguous to any of that designated land, the owner may withdraw the
18 designated land from the original order and may petition the department under sub.
19 (2) for a new order covering both the withdrawn land and the additional land. The
20 withdrawal tax and the withdrawal fee under s. 77.88 (5) and (5m) do not apply to
21 a withdrawal under this paragraph.

Please move to 1-1 (before that line)

History: 1985 a. 29; 1989 a. 31; 1993 a. 16, 131, 301, 491; 1995 a. 27; 1997 a. 27, 35, 237; 2001 a. 109; 2003 a. 228; 2005 a. 25.

22 **SECTION 5.** 77.88 (5) (ab) of the statutes is created to read:

23 77.88 (5) (ab) In this ^{subsection} paragraph:

STET
and move
to p. 4.

Insert from
R. 77.88 (4)

Please fix formatting

1 amounts paid by the owner under ss. 77.84 (2) (am) and 77.87 during the time ~~the~~
2 ~~time~~ the land is designated as managed forest land under the expanded order.

3 SECTION 8. 2005 Wisconsin Act 25, section 9335 (2k) is amended to read:

4 2005 Wisconsin Act 25, section 9335 (2k). MANAGED FOREST LAND
5 PETITIONS. The treatment of sections 20.370 (1) (cx), 77.81 (2m), and 77.82 (2) (i),
6 (2m) (a), (am), (b), (d) 1. and 2., and (e), (3) (a), (b), and (g), and (4m) (d) of the statutes,
7 the renumbering and amendment of section 77.82 (2m) (dm) of the statutes, the
8 amendment of section 77.82 (2m) (c) (intro.) of the statutes, and the creation of
9 section 77.82 (2m) (c) 4. and (dm) 2. of the statutes first apply to petitions that are
10 submitted under the managed forest land program on June July 1, 2005, for initial
11 designations, for conversions of forest croplands to managed forest land, and for
12 renewing orders designating managed forest land.

13 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3589/7dn

MGG:.....

PL
Wlj

10 This bill is extremely complicated. I have made it a preliminary draft because I do not feel comfortable with its being introduced before it is reviewed by Carol Nielsen of the Department of Natural Resources or some one else that is an expert on the Managed Forest land program.

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215

1 20

As drafted, so 77.88 (5) (ar) 10 applies only to the land under the original order. OK?

1 30

~~The~~ I made the change to the initial applicability date ~~date~~ from June 1, 2005, to July 1, 2005, so that it applies both to the fee changes and to DNR's responsibility in preparing plans. OK?

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3589/P1dn
MGG:wlj:pg

September 14, 2005

1. This bill is extremely complicated. I have made it a preliminary draft because I do not feel comfortable with it being introduced before it is reviewed by Carol Nielsen of the Department of Natural Resources or someone else that is an expert on the Managed Forest Land Program.
2. As drafted, s. 77.88 (5) (ar) 1. applies only to the land under the original order. OK?
3. I made the change to the initial applicability date from June 1, 2005, to July 1, 2005, so that it applies both to the fee changes and to DNR's responsibility in preparing plans. OK?

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215

Gibson-Glass, Mary

From: Gary, Tim
Sent: Thursday, September 15, 2005 10:06 AM
To: Gibson-Glass, Mary; Kite, Robin; Nelson, Robert P.
Subject: FW: Draft review: LRB 05-3589/P1 Topic: Managed forest lands; retroactive date, yield tax exemption, calculation of withdrawal tax
Importance: High
Attachments: LRB-3589_P1; LRB-3589_P1 Drafters_Note

All we have to do is change the date from July 1 to July 2. Can we get this finished today since it is such a minor change?

From: Mather, Robert J
Sent: Thursday, September 15, 2005 9:22 AM
To: Gary, Tim
Cc: Nielsen, Carol K; Blalack, Cynthia A.; Delong, Paul J
Subject: FW: Draft review: LRB 05-3589/P1 Topic: Managed forest lands; retroactive date, yield tax exemption, calculation of withdrawal tax
Importance: High

Hi Tim: Please let Mary Gibson-Glass know she did an excellent job with this! We really appreciate the all of the work all of you have put into this! The only small change is in Section 8 (Page 5) line 10., the date needs to be "July 2, 2005" instead of July 1, 2005. The reason is that we accept applications postmarked July 1st as being included in that same entry year. Other than that everything looks great and does do what we hoped it would. The answer to Mary's question #2 is yes.

 *Bob Mather*

Director

Bureau of Forest Management

Wisconsin Department of Natural Resources

(☎) phone: (608) 266-1727

(☎) fax: (608) 266-8576

(✉) e-mail: Robert.Mather@DNR.state.wi.us



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-3589/PT 1
MGG:wlj:pg

RHR

Today

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

Regen

1 AN ACT *to renumber and amend* 77.87 (1g); *to amend* 77.82 (4g) (b) and 77.88
2 (5) (a) (intro.); *to create* 77.87 (1g) (c), 77.87 (1g) (d), 77.88 (5) (ab) and 77.88
3 (5) (ar) of the statutes; and *to affect* 2005 Wisconsin Act 25, section 9335 (2k);
4 **relating to:** eliminating the exemption from yield tax for certain managed
5 forest land, management plans for designating land as managed forest land,
6 and calculating withdrawal tax for certain managed forest land.

Analysis by the Legislative Reference Bureau

Under current law, certain forested land may be designated as managed forest land under a program administered by the Department of Natural Resources (DNR). Under this program, the owner of land designated as managed forest land makes an annual acreage share payment instead of the property taxes that normally would be payable. In exchange, the owner must comply with certain forestry practices and must allow the public on the land, with certain exceptions. In addition to the acreage share payment, an owner of managed forest land must pay yield taxes and withdrawal taxes, with some exceptions.

A similar program exists for land designated as forest cropland. Since July 1985, no new land may be subject to the forest cropland program. However, there is forest land that is currently in this program since the designations last for 25 or 50 years.

This bill makes the following changes to the Managed Forest Land Program.

Exemption from yield taxes

When merchantable timber is cut from managed forest land, a yield tax is imposed on the value of that timber. Under current law, land subject to a managed forest land order that goes into effect on or after April 28, 2004, is exempt from payment of the yield tax. Under current law, this exemption does not apply to land that is converted from forest cropland to managed forest land before the forest cropland designation expires and does not apply to renewals of managed forest land orders. Under this bill, this exemption also does not apply to managed forest land orders that are expanded orders, as described below, or to managed forest land that was previously forest cropland under a forest cropland designation that has expired.

Management plans and fees

In order for a landowner to participate in the Managed Forest Land Program, DNR must approve a management plan that is submitted to DNR before the petition is approved. The management plan includes the owner's forestry objectives and a description of the forestry practices to be used. For petitions submitted before June 1, 2005, DNR must prepare the plan if the petitioner so requested, and the petitioner is exempt from paying the portion of the application fee that represents the cost of preparing the plan if the petition is accompanied by a proposed plan approved by DNR or a proposed plan prepared by a qualified forester. For petitions submitted on or after June 1, 2005, DNR may, but is not required to, prepare the plan. If DNR chooses not to prepare the plan, the petitioner must pay to have a plan prepared by a qualified forester or a plan writer who is certified by DNR, but not under DNR contract, to prepare plans. This bill changes the June 1, 2005, date to July 1, 2005. Beginning November 1, 2005, only plans prepared by certified plan writers will be exempt from paying a plan preparation fee.

Calculation of withdrawal tax

Under current law, an owner of managed forest land who wished to include in a managed forest land order land that does not meet the requirements under the program regarding acreage and the amount of merchantable timber may have the original order expanded to include the land if it is at least three acres in size and if it is contiguous to the existing managed forest land. Under the bill, if land under the expanded order is withdrawn before the original order would have expired, the withdrawal tax is calculated differently than the regular method used. The tax is the sum of the withdrawal tax under the expanded order, less any yield taxes or acreage share payments made, and the withdrawal tax that would have applied to the original acreage as of the date the expanded order goes into effect, less any yield taxes or acreage share payments made.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 77.82 (4g) (b) of the statutes is amended to read:

2 77.82 (4g) (b) If an owner of land that is designated as managed forest land
3 under an order that takes effect before April 28, 2004, wishes to have designated as
4 managed forest land an additional parcel of land that is in the same municipality,
5 that is at least 3 acres in size, that does not satisfy the requirements in sub. (1), and
6 that is contiguous to any of that designated land, the owner may withdraw the
7 designated land from the original order and may petition the department under sub.
8 (2) for a new order covering both the withdrawn land and the additional land. The
9 withdrawal tax and the withdrawal fee under s. 77.88 (5) and (5m) do not apply to
10 a withdrawal under this paragraph.

11 **SECTION 2.** 77.87 (1g) of the statutes is renumbered 77.87 (1g) (intro.) and
12 amended to read:

13 77.87 (1g) EXEMPTION. (intro.) For a managed forest land order that takes
14 effect on or after April 28, 2004, the owner of the managed forest land is exempt from
15 payment of the yield tax under sub. (1) for the first 5 years of the managed forest land
16 order. The exemption under this subsection does not apply to ~~managed forest land~~
17 ~~converted~~ any of the following orders:

18 (a) An order converting forest cropland to managed forest land pursuant to a
19 petition approved under s. 77.82 (7) (d) ~~or to a renewal of.~~

20 (b) A renewal order for a managed forest land order under s. 77.82 (12).

21 **SECTION 3.** 77.87 (1g) (c) of the statutes is created to read:

22 77.87 (1g) (c) An order under s. 77.82 (8) that designates as managed forest
23 land forest cropland that was subject to a contract under s. 77.03.

24 **SECTION 4.** 77.87 (1g) (d) of the statutes is created to read:

25 77.87 (1g) (d) A order petitioned for under s. 77.82 (4g) (b).

1 **SECTION 5.** 77.88 (5) (a) (intro.) of the statutes is amended to read:

2 77.88 (5) (a) (intro.) Except as provided in ~~par.~~ pars. (am), (ar), and (b), for land
3 withdrawn during an initial a managed forest land order, the withdrawal tax shall
4 be the higher of the following:

5 **SECTION 6.** 77.88 (5) (ab) of the statutes is created to read:

6 77.88 (5) (ab) In this subsection:

7 1. "Expanded order" means an order approved under s. 77.82 (8) that is
8 petitioned for under s. 77.82 (4g) (b).

9 2. "Original order" means the order from which designated land is withdrawn
10 as authorized under s. 77.82 (4g) (b).

11 **SECTION 7.** 77.88 (5) (ar) of the statutes is created to read:

12 77.88 (5) (ar) If any land designated as managed forest land under an expanded
13 order is withdrawn before the expiration date of the original order, the withdrawal
14 tax shall be the sum of the following:

15 1. For the portion of the land that is designated as managed forest land under
16 the original order, an amount equal to the product of the total net property tax rate
17 in the municipality in the year prior to the year in which the expanded order is
18 approved and the assessed value of the land for the same year, as computed by the
19 department of revenue, multiplied by the number of years under the original order,
20 less any amounts paid by the owner under ss. 77.84 (2) (a) and 77.87 during the time
21 the land was designated as managed forest land under the original order.

22 2. An amount equal to the product of the total net property tax rate in the
23 municipality in the year prior to this withdrawal and the assessed value of the land
24 for the same year, as computed by the department of revenue, multiplied by the
25 number of years the land was designated as land under the expanded order, less any

Northrop, Lori

From: Gary, Tim

Sent: Friday, September 16, 2005 2:59 PM

To: LRB.Legal

Subject: Draft review: LRB 05-3589/1 Topic: Managed forest lands; retroactive date, yield tax exemption, calculation of withdrawal tax

It has been requested by <Gary, Tim> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-3589/1 Topic: Managed forest lands; retroactive date, yield tax exemption, calculation of withdrawal tax