

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-1676/1</b>	<b>Introduction Number</b> <b>AB-0342</b>	
<b>Description</b> Exempting certain parcels of land withdrawn from the Managed Forest Land Program from the assessment of withdrawal taxes and fees		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input checked="" type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b> DOR/ Daniel Huegel (608) 266-5705	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 11/10/2011

## Fiscal Estimate Narratives

DOR 11/10/2011

LRB Number	11-1676/1	Introduction Number	AB-0342	Estimate Type	Original
<b>Description</b> Exempting certain parcels of land withdrawn from the Managed Forest Land Program from the assessment of withdrawal taxes and fees					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, when land is withdrawn from the Managed Forest Land (MFL) program, the land owner must pay a withdrawal tax to the Department of Natural Resources (DNR). During an initial order, this tax equals the greater of (a) the product of the net assessed value tax rate in the year prior to withdrawal times the assessed value of the land in the year prior to withdrawal times the number of years the land was under an MFL order minus the acreage share and yield taxes paid on the land, or (b) 5% of the stumpage value of the merchantable timber on the land. During a renewed order, the calculation under (a) above is made from the year of the renewal. The DNR remits 100% of any withdrawal taxes to the municipality where the land is located. The municipality in turn retains 80% of the payment and remits 20% to the county.

Under current law, the following MFL withdrawals are exempt from the withdrawal tax: (a) land sales for a public road, railroad right-of-way, or utility right-of-way; (b) land sales to the federal government, the state, or a local governmental unit for a park, recreational trail, wildlife or fish habitat area or a public forest; (c) land sales of no more than 10 acres to a county, city, village, or town for siting a public safety communications tower; and (d) on land owned by an Indian tribe that is transferred to the United States to be held in trust for the tribe.

The bill creates a new exemption from the MFL withdrawal tax. The new exemption would apply if the land is withdrawn under DNR order at the owner's request and if all of the following conditions are met: (a) the purpose of removing the land is to construct a human residence; (b) the land was designated as MFL land before October 11, 1997; (c) if the land is not subject to a municipal or county zoning ordinance establishing a minimum acreage for the construction of a human residence, the area to be withdrawn does not exceed 3 acres; and (d) if the land is subject to a municipal or county zoning ordinance establishing a minimum acreage for the construction of a human residence that is more than 1 acre, the area to be withdrawn is not more than amount of land required under the ordinance.

The primary role of the Department of Revenue (DOR) with regard to MFL withdrawals is to assist the DNR in determining the amount of the withdrawal tax. Information available to the DOR does not permit a reasonable estimate of the number of MFL withdrawals that could be engendered under the bill. By potentially reducing the number of withdrawals for which a withdrawal tax needs to be determined, the number of requests from the DNR to the DOR for assistance in calculating the withdrawal tax may be reduced, thereby leading to a small decrease in DOR administrative costs.

To the extent that there are MFL withdrawals that would be taxable under current law but exempt under the bill, the bill may reduce the amount of withdrawal taxes remitted to local governments by the DNR. Information available to the DOR does not permit a reasonable estimate of the reduction in such remittances from the DNR that the bill could engender.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-1676/1		<b>Introduction Number</b> AB-0342	
<b>Description</b> Exempting certain parcels of land withdrawn from the Managed Forest Land Program from the assessment of withdrawal taxes and fees			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$See text
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	11/10/2011