



## Fiscal Estimate Narratives

DOR 2/18/2014

LRB Number	13-4187/1	Introduction Number	SB-575	Estimate Type	Original
<b>Description</b> Payments to counties for designated county forest lands and distribution of amounts paid to municipalities by owners of closed managed forest lands					

### Assumptions Used in Arriving at Fiscal Estimate

#### COUNTY FOREST LAND

Current law permits counties to establish a county forest for purposes such as encouraging the development and management of the forests land, optimizing the production of forest products, and providing land for recreational activities. State administrative duties regarding county forests are assigned to the Department of Natural Resource (DNR). Since county forest land is owned by a county, it is exempt from property taxes. Based on October 2013 data from the DNR, there were 2,355,626 acres of county forest land in the state located in 29 counties.

Current law directs the DNR to pay \$0.30 per acre to each municipality in which county forest land is located, based on the amount of land in the municipality as of the previous June 30.

Under the bill, beginning in 2014, the above payment would be increased from \$0.30 per acre to \$0.55 per acre. Based on the DNR acreage figure, this would increase the payment from \$706,688 (2,355,626 X 0.30) to \$1,295,594 (2,355,626 X 0.55), for an increase of \$588,906.

#### MANAGED FOREST LAND

An owner of 10 or more contiguous forest acres may apply to the DNR to enter the land under the MFL program. If the DNR determines that at least 80% of the parcel is producing or capable of producing at least 20 cubic feet of merchantable timber per acre per year and that the land is not developed in a manner incompatible with the practice of forestry, the DNR issues an order entering the land into the program. The landowner agrees to follow a forest management plan and to permit, with limited exceptions, public access for hunting and recreation.

MFL land is exempt from property taxes. In lieu of property taxes, certain payments on the land are made. Two of these are of note for the bill. (1) Acreage share: This is an annual payment by the landowner to the municipality where the land is located of either \$0.79 per acre (orders that took effect before April 28, 2004) or \$2.14 per acre (on or after April 28, 2004). The municipality keeps 80% and remits 20% to the county. (2) Closure fee: This is an annual payment by the landowner to the municipality for land closed to public access. The fee is in addition to the acreage share. The closure fee is either \$1.08 per acre (orders that took effect before April 28, 2004) or \$8.54 per acre (on or after April 28, 2004). The municipality remits all collections to the county, which in turn remits the entire amount to the DNR.

Acreage data from the statements of assessment for 2013 filed with the Department of Revenue (DOR) by local assessors indicated that 1,395,772 acres of MFL land entered before April 28, 2004 and 742,277 acres of MFL land entered on or after April 28, 2004 were closed to public access. Total closure fees billed are estimated to be \$7,846,477 (1,395,772 X \$1.08 plus 742,277 X \$8.54).

Under the bill, for 2014 collections only, collections of the fee would be shared as follows: 75% to the DNR, 20% to the municipality where the land was located, and 5% to the county where the land was located. This would result in a one-time revenue loss to the state of \$1,916,619 (\$7,846,477 X 0.25), a one-time revenue increase for municipalities of \$1,596,215 (\$7,846,477 X 0.20), and a one-time revenue increase for counties of \$392,394 (\$7,846,477 X 0.05).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Payments to counties for designated county forest lands and distribution of amounts paid to municipalities by owners of closed managed forest lands			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  One-time loss in SEG-Forestry revenue in 2014 of \$1,916,619. One-time revenue gain for municipalities in 2014 of \$1,596,215. One-time revenue gain for counties in 2014 of \$392,394.			
<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		588,906	
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$588,906</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		588,906	
<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		\$588,906	\$
NET CHANGE IN REVENUE		\$	\$588,906
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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