

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>15-1864/1</b>	Introduction Number <b>AB-0436</b>
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**Description**  
 Regulation of ferrous metallic mining and related activities

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<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/ Yuko Iwata (608) 267-9892	<b>Authorized Signature</b> Robert Schmidt (608) 266-5773	<b>Date</b> 10/29/2015
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## Fiscal Estimate Narratives

DOR 10/29/2015

LRB Number	15-1864/1	Introduction Number	AB-0436	Estimate Type	Original
<b>Description</b> Regulation of ferrous metallic mining and related activities					

### Assumptions Used in Arriving at Fiscal Estimate

#### MANAGED FOREST LAND (MFL)

2013 Wisconsin Act 81 made changes to the MFL program relating to ferrous mining activities. Under current law, the requirements with regard to public access to MFL do not apply to an area of land within a certain distance of a proposed iron mining site. An owner of the MFL is required to make an additional payment per acre for the land subject to the exemption. The bill reverses the changes made by 2013 Wisconsin Act 81 to the MFL program so that the laws concerning ferrous mining activities are substantially the same as they were before enactment of 2013 Wisconsin Act 81.

Under current law, an owner of MFL land is required to pay annual payments in lieu of regular property tax as follows:

1) MFL tax rates (per acre) for land entered before 2005 (1987-2004):  
\$0.79 (land open to public)  
\$1.87 (land closed to public)

2) MFL tax rates (per acre) for land entered after 2004 (2005 and later):  
\$2.14 (land open to public)  
\$10.68 (land closed to public)

Approximately 3.27 million acres and 3.31 million acres were registered as MFL (both open and closed) land in Wisconsin for 2014 and 2015, respectively, and approximately \$12.63 million was assessed as annual payments in 2014 and \$13.35 million is to be collected for 2015.

The Department of Revenue (DOR) does not have sufficient information to estimate the number of acres that are subject to the bill. According to the Department of Natural Resources (DNR) website, Gogebic Taconite, LLC recently withdrew its pre-application that had notified DNR of its intention to file an application for a mining permit. The withdrawal notice was dated March 24, 2015. Consequently, all MFL land that had been temporarily closed to public access was reopened to the public as of March 24, 2015. No other cases of potential ferrous mining projects are found in the public record. DOR does not have detailed information regarding the withdrawn ferrous mining project.

The bill's fiscal impact would be insignificant. Any increase in administrative costs can be absorbed within the current budgetary resources.

#### NET PROCEEDS TAX AND LOCAL IMPACT FUND

The Department of Revenue (DOR) administers a net proceeds occupation tax on extracting metalliferous minerals. The tax increases on a graduated scale based on net proceeds—gross receipts minus allowable deductions. Current law specifies that 15 days after the collection of the net proceeds tax, and after distributions to counties, towns, villages, cities, and Native American communities impacted by metalliferous minerals extraction, the Department of Administration shall transfer 60 percent to the Investment and Local Impact Fund and 40 percent to the General Fund.

The bill eliminates the 60/40 transfer, thereby shifting 40 percent of the post distribution tax collections from the General Fund to the Investment and Local Impact Fund. The DOR is not collecting any net proceeds occupation taxes on metalliferous minerals as no such mines are currently in operation.

Current law specifies the Investment and Local Impact Fund Board distribute the net proceeds occupation tax with a preference to private sector economic development projects. The bill deletes provisions

specifying private sector economic development and creates a broader local development criteria.

### **Long-Range Fiscal Implications**