



2005 ASSEMBLY BILL 1011

February 10, 2006 – Introduced by Representatives WIECKERT, MURSAU, MUSSER, ALBERS, OWENS, GUNDERSON, BIES, TOWNSEND, PETROWSKI, OTT and PETTIS, cosponsored by Senators ROESSLER and LASSA. Referred to Committee on Forestry.

1 **AN ACT to amend** 77.86 (4), 77.87 (1) and 77.87 (2) of the statutes; **relating to:**
2 the determination of the value of timber for purposes of assessing a yield tax.

Analysis by the Legislative Reference Bureau

Under current law, the Department of Natural Resources administers the managed forest land program that exempts a landowner from payment of municipal property taxes on the land in the program in exchange for the landowner's payment of an acreage share, which is lower than the municipal property tax, and for the landowner's compliance with approved forestry and other conservation practices.

When merchantable timber is cut from managed forest land, a yield tax is imposed on the value of the timber. This bill changes the method of valuing the timber from its stumpage value to the amount that the seller received in an arms-length sale of the timber.

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:

3 **SECTION 1.** 77.86 (4) of the statutes is amended to read:
4 77.86 (4) **REPORTING.** Within 30 days after completion of any cutting approved
5 under this section, the owner shall report to the department, on a form provided by

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1 the department, a description of the species of wood, kind of product and the quantity
2 of each species cut as shown by the scale or measurement made on the ground as cut,
3 skidded, loaded or delivered, or by tree scale certified by a forester acceptable to the
4 department if the wood is sold by tree measurement and the amount of money that
5 the seller received for the timber in an arms-length sale.

6 **SECTION 2.** 77.87 (1) of the statutes is amended to read:

7 77.87 (1) TAXATION. The department shall assess a yield tax against each owner
8 who cuts merchantable timber under s. 77.86. The yield tax shall equal 5% of the
9 ~~value of~~ the amount of money that the seller received in an arms-length sale of the
10 ~~merchantable timber cut, based on the stumpage value established under s. 77.91~~
11 ~~(1).~~ The department shall mail a copy of the certificate of assessment to the owner
12 at the owner's last-known address.

13 **SECTION 3.** 77.87 (2) of the statutes is amended to read:

14 77.87 (2) SUPPLEMENTAL TAX. At any time within one year after a report is filed
15 under s. 77.86 (4), the department, after notifying the owner and providing the owner
16 with the opportunity for a hearing, may determine whether the report is accurate.
17 If the department determines that the ~~quantity of~~ amount that the seller received
18 for the merchantable timber cut exceeded the amount on which the tax was assessed
19 under sub. (1), the department shall assess a supplemental tax on the additional
20 amount as provided under sub. (1).

21 **SECTION 4. Initial applicability.**

22 (1) This act first applies to merchantable timber sold on the effective date of this
23 subsection.

24

(END)