

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

FISCAL ESTIMATE

DOA-2048 N(R10/94)

Subject
 Adding a 15 Year Term to the Managed Forest Law and Increasing the Contracting with Private Foresters

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

- Increase Costs - May be possible to Absorb Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs

- | | | |
|--|---|--|
| 1. <input checked="" type="checkbox"/> Increase Costs
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected:
<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input type="checkbox"/> Cities
<input checked="" type="checkbox"/> Counties <input type="checkbox"/> WTCS Districts
<input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> Others VTEA |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input checked="" type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | |

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.370(1)(mu), (1)(cr), & (5)(bv)

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY OF BILL -This bill adds a new 15 year term for the Managed Forest Law(MFL) which presently gives landowners a 25 or 50 year choice. For the 15 year entry, the landowner must pay a higher per acre annual share of the property tax Presently \$.74 is paid as an annual acreage share, but under the bill, \$1.25 per acre would be added for 15 year agreements. The landowner is given credit for the additional \$1.25 per acre in any withdrawal calculations. The 15 year term is a one-time opportunity. At the time of renewal a landowner must enter a 25 or 50 year agreement. The landowner has the right to change the 15 year term to 25 or 50 years at anytime during the initial 15 year period. To assist the Department in the added workload, the contracting with private consultant foresters is increased to \$300,000 per year.

FISCAL IMPACT - The initial assumption is that with a 15 year-term open to landowners, 1000 additional petitions would be received annually and a minimum of 500 petitions that would have been received for a 25 year-term, would be received as a 15 year-term petition. The percentage of closed acreage petitioned for 15 years would increase to 90% from 70% for 25 and 50 year-terms. This would mean the applications would increase from 2600 to 3600 per year of which 1500 would be for a term of 15 years. Note: the base of 2600 is already a 50% increase over previous years due to property tax changes which have taken place (applications for 2001). The acreage entered would jump from 117,000 acres to 162,000 acres per year with the closed area increasing 43,875 acres to a total of 131,625 acres per year. The annual acreage share received and kept by the local municipalities from the landowners would increase by \$94,140 and the municipalities would share an additional \$23,535 with the counties.

The Department of Natural Resources' aid payments to the municipalities for tax law lands would increase \$9,000 each year. Other state aids in the form of Shared Revenues and School Aids would remain the same. The State has not been increasing the total revenues in such aids. The distribution would be altered due to changes in levels of equalized values in each municipality or school district.

Costs to administer the program would increase due to the addition of 15 year-terms to the MFL. One-time costs would be \$100,000 to reprogram the Oracle database for the forest tax laws and \$9,000 to update written information sheets and forms. The reprogramming would be required to address the orders, withdrawals, transfers, extensions, and aid calculations affected by the new category of entries. The administration of MFL applications require 3 hours per landowner requiring 1.6 FTE, \$1,300 per year for temporary services for data entry and short term clerical needs, and an additional \$7,000 for LTE staffing for processing new entries and mailings.

The annual property taxes on woodlands is assumed to be \$10 per acre. The increased tax law acreage of 45,000 per year would mean a reduction of \$450,000 property taxes to the local municipalities and school districts for this woodland acreage. The local municipalities and schools will have a zero net loss since they will shift the tax to the remaining assessed property to balance their budget after they have accounted for the increased aid revenues.

Long-Range Fiscal Implications

The forest tax laws are a long term agreement between the landowner and the State, 15 to 50 years. Each year the added new entries compound the aids, impacts on local taxes, administration (both at the local and state levels), workloads. With a 15 year entry available, the rate of application will have doubled within about 2 years .

Agency	Prepared By	Phone No.	Authorized Signature	Phone No.	Date
DNR	Joe Polasek	(608) 266-2794		(608) 266-2794	02/16/2000

FISCAL ESTIMATE

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Assumptions Used in Arriving at Fiscal Estimate

The increased number of applications for the MFL (1000 per year) will take additional DNR forester time to enter. An average size MFL entry is 45 acres. A field forester spends an average of 24 hours of time on each application meeting with the landowner, examining the forested acreage, preparing a map(s) of the entry, writing a stewardship plan for the landowner to follow, explaining the plan with the landowner, completing the processing of the entry and sending it in. This would take 12.8 additional forester FTEs to complete.

Wisconsin Act 9 provided \$150,000 in FY 00 and FY 01 only for contracting with private consultants private forestry plans. Experience has shown \$150,000 for contracting with private consultants will cover approximately 250 new MFL plan. The \$300,000 provided under the bill will provide for an estimated 500 additional MFL plans for FY 00 and FY 01. This will alleviate the need for 6.4 FTE's estimated to meet the workload in FY 00 and FY 01. However, the on-going amount represents only a \$150,000 increase from the present budget. The additional 250 plans done by consultants will alleviate the need for additional forester FTEs by 3.2. Even with the consultants completing these plans for the field foresters, the foresters will still need 0.5 to work with the consultants and review their work for approval. The total forester FTEs needed to address the on-going workload beyond FY 01 will balance out at 10.1 at a cost of \$585,800 (\$58,000 per FTE for salary, fringes, and travel).

AB-681 Legislation on 15 Year MFL Contracts

- Increase in Applications
 - Time in Processing
- Increased Acreage
 - Time for Planning
- Cost of Aid Payments
 - \$.20 per acre annually
- Time for Mgt. Planning
 - Additional Consultants & DNR
- Costs to Plan
 - Travel and Materials

Issues in Bill

	2001	2002	FTEs	Changes +(-)	Comments
# of Apps.					
25 or 50 yr	2,600	2,100		(500)	The 2600 is a 50% increase due to taxation practices
Acreage	117,000	94,500		(22,500)	
15 year	0	1,500		1,500	1000 Total Net Applications
Acreage	0	67,500		67,500	
Total Acreage	117,000	162,000		45,000	Total Acres
Annual Ac. Fee					
80% to Town	\$69,264	\$163,404		\$94,140	Town's Acreage Share
20% to Co.	\$17,316	\$40,851		\$23,535	County's Acreage Share
	\$86,580	\$204,255			
Closed fees					
100% to DNR	\$81,900	\$126,900		\$45,000	DNR Closed Fees
Aid Payments to Towns					
\$.20 per acre	\$23,400	\$32,400		\$9,000	DNR Aids to Towns
Contracting Costs					
\$150M	\$150,000	\$300,000		\$150,000	Additional contracting
LTE Costs	\$9,000	\$18,000		\$9,000	Administrating - contracting
Comp. Programing					
Make changes		\$100,000		\$100,000	Updating Oracle database design
State Aids					
Schools - DPI	\$0	\$0		\$0	Total Aid Totals are set & have not changed
Municipalities	\$0	\$0		\$0	Shared Revenue Totals have remained unchanged since 1995
Administration					
LTE Costs	\$7,000	\$14,000		\$7,000	
Temp Services	\$1,200	\$2,500		\$1,300	
Staffing		\$43,400	1.6	\$43,400	1.6 FTE @ \$10.51 plus 37.6% fringe
	\$8,200	\$59,900		\$51,700	
Field Administration					
Staffing		\$742,400	12.8	\$742,400	12.8 FTE @ \$58,000
Alieviated by contracting		\$185,600	(3.2)	(\$185,600)	3.2 FTE @ \$58,000
Oversee consultants		\$29,000	0.5	\$29,000	.5 FTE @ \$58,000
			11.7	\$585,800	

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
AB 681, 99-4249/1	

Subject
Adding a 15 Year Term to the Managed Forest Law and Increasing the Contracting with Private Foresters

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
\$100,000 in database programming costs, and \$9,000 in printing and LTE costs to update forms and information sheets.


II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$629,200	
(FTE Position Changes)	11.70	
State Operations - Other Costs	\$167,300	
Local Assistance	\$9,000	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$805,500	

B. State Costs by Source of Funds	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
GPR		
FED		
PRO/PRS		
SEG/SEG-S	\$805,500	

III. State Revenues:	Annualized Fiscal impact on State funds from:	
	Increased Rev.	Decreased Rev.
Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
GPR Taxes		
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S	\$45,000	
TOTAL State Revenues	\$45,000	

NET ANNUALIZED IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$805,500	\$0
NET CHANGE IN REVENUES	\$45,000	\$126,700

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