

Fiscal Estimate Narratives
DOR 3/7/02

LRB Number 01-4315/1	Introduction Number SB-465	Estimate Type Original
Subject Conversion of forest crop lands to managed forest lands		

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, owners of land under the Forest Crop Law (FCL) would be allowed to petition the Department of Natural Resources (DNR) to have such land entered under the Managed Forest Land (MFL) program. Land owners would need to file their petitions before January 1, 2006.

Land entered under the FCL and MFL programs is exempt from general property taxes. Owners of such land and the DNR must annually make certain payments to local governments.

Acreage Share Payments: On FCL land entered before 1972, the owner pays the municipality \$0.10 per acre. On FCL land entered under a special provision in effect from 1949 to 1963 for land in areas outside DNR fire control boundaries, the owner pays the municipality \$0.20 per acre. On FCL land entered after 1972, the owner pays the municipality \$0.83 per acre. The municipality remits 20% of these payments to the county. On MFL lands open to public access, the owner pays the municipality \$0.74 per acre, 20% of which must be shared with the county. On MFL land closed to public access, the owner pays the municipality \$1.74 per acre, of which \$1.00 is remitted to DNR and 20% of the remainder is remitted to the county.

DNR Annual Payment: On FCL land entered under the special provision, no state payment is made. On all other FCL and MFL land, the DNR pays \$0.20 per acre to the municipality, which must remit 20% to the county.

The DNR's annual payments under the FCL and MFL are identical except with respect to lands entered under the special provision. Thus, the DNR's annual payments would only be affected to the extent that owners of such land choose to enter their land under the MFL program.

Based on data for FCL land from the DNR, as of January 1, 2001 there were 233,000 acres paying \$0.10 per acre, 23,000 acres under the special provision at \$0.20 per acre, and 191,000 acres paying \$0.83 per acre. If the owners of these lands choose to switch to the MFL program, annual acreage share payments would change. For FCL land owners currently paying \$0.10 per acre, payments would increase by \$0.64 per acre on open land and \$1.64 per acre on closed land. For FCL land owners currently paying \$0.20 per acre, payments would increase by \$0.54 per acre on open land and \$1.54 per acre on closed land. For FCL land owners currently paying \$0.83 per acre, payments would decrease by \$0.09 per acre on open land and increase \$0.91 per acre on closed land.

The change in landowners' annual payments that the bill would engender depends on how many land owners decide to switch to the MFL program. The last time FCL land owners had the opportunity to enroll their land under the MFL program, a large percentage of the owners took advantage of the opportunity to do so. It is unclear how many of the current FCL owners will choose to enroll their land under the MFL in the new time period. It is therefore not possible to give reasonable estimates of the changes in acreage share payments this bill could engender.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4315/1		Introduction Number SB-465	
Subject			
Conversion of forest crop lands to managed forest lands			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$None	
NET CHANGE IN REVENUE	\$	\$See text of fiscal note	
Agency/Prepared By		Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705		Brian Pahnke (608) 266-2700	3/7/02