

## Fiscal Estimate - 2003 Session

Original             
  Updated             
  Corrected             
  Supplemental

LRB Number <b>03-4107/2</b>	Introduction Number <b>SB-517</b>
<b>Subject</b>	
Taxes due upon withdrawing land from forest croplands program	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues
<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
<b>Local:</b>	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input checked="" type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DOR/ Daniel Huegel (608) 266-5705	Dennis Collier (608) 266-5773
<b>Date</b>	
3/12/2004	

## Fiscal Estimate Narratives

DOR 3/12/2004

LRB Number	<b>03-4107/2</b>	Introduction Number	<b>SB-517</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Taxes due upon withdrawing land from forest croplands program					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, if an owner of land enrolled under the forest crop law chooses to withdraw land from the program, the owner is required to pay a withdrawal tax equal to the property taxes that would have been paid on the land since enrollment, plus interest at 12%, less acreage share and any severance payments made on the land. The state retains sufficient funds to recover the per acre payments it made on behalf of the land. The remainder is paid to the municipality where the land is located, which is required to remit 20% of its payment to the county.

If an owner of land enrolled under the managed forest land program chooses to withdraw land from the program, a withdrawal tax must be paid equal to the greater of 5% of the value of timber on the land or the property taxes that would have been paid on the land less acreage shares and yield taxes. The state retains half of the payment. The other half is paid to the municipality where the land is located, which must remit 20% of its payment to the county.

Owners of land enrolled under the forest crop law were, at one time, allowed to transfer their land into the managed forest land program. In such a case, the withdrawal tax is calculated for the time the land was in each program, with the higher tax being imposed. The tax is then distributed in the same manner as a tax under the managed forest law.

Under both programs, the withdrawal taxes do not apply to land transferred to the federal government, the State of Wisconsin, or a local government if the land is used for a public road, railroad, utility right-of-way, recreational trail, wildlife or fish habitat area, or a public forest.

Under the bill, the withdrawal taxes under both programs would not apply to the transfer to the Town of Rome of land in the northwest-northwest quarter and the northeast-northwest quarter of section 17, township 20, range 6 east, if the land is used for economic development purposes. These two parcels were purchased by the Town of Rome for inclusion in an industrial-commercial-residential development.

Based on data available to the Department of Revenue, the total withdrawal taxes due on these two parcels under current law is estimated to be about \$29,400. The tax would be allocated in the same manner as a managed forest land withdrawal tax. Thus, the bill would lead to a one-time reduction in revenues for the State of \$14,700 ( $\$29,400 \times 50\%$ ) and for Adams County of \$2,940 ( $\$29,400 \times 50\% \times 20\%$ ). For the Town of Rome, the net effect would be a one-time decrease in net expenditures of \$17,640 (equal to the \$29,400 in withdrawal taxes not paid less its \$11,760 share of the withdrawal tax).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Subject</b>			
Taxes due upon withdrawing land from forest croplands program			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$29,400 reduction in forest crop withdrawal taxes payable by the Town of Rome. One-time reduction in revenue (SEG-Forestry) equal to state share of the withdrawal tax of \$14,700. One-time reductions in revenue for Town of Rome of \$11,760 and for Adams County of \$2,940, equal to their shares of the withdrawal tax.			
<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			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<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>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Daniel Huegel (608) 266-5705		Dennis Collier (608) 266-5773	3/12/2004