

2005 ASSEMBLY BILL 679

September 22, 2005 – Introduced by Representatives FRISKE, GARD and MURSAU, sponsored by Senators KAPANKE and SCHULTZ. Referred to Committee on Rules.

1 **AN ACT** *to renumber and amend* 77.87 (1g); *to amend* 77.82 (4g) (b) and 77.88
2 (5) (a) (intro.); *to create* 77.87 (1g) (c), 77.87 (1g) (d), 77.88 (5) (ab) and 77.88
3 (5) (ar) of the statutes; and *to affect* 2005 Wisconsin Act 25, section 9335 (2k);
4 **relating to:** eliminating the exemption from yield tax for certain managed
5 forest land, management plans for designating land as managed forest land,
6 and calculating withdrawal tax for certain managed forest land.

Analysis by the Legislative Reference Bureau

Under current law, certain forested land may be designated as managed forest land under a program administered by the Department of Natural Resources (DNR). Under this program, the owner of land designated as managed forest land makes an annual acreage share payment instead of the property taxes that normally would be payable. In exchange, the owner must comply with certain forestry practices and must allow the public on the land, with certain exceptions. In addition to the acreage share payment, an owner of managed forest land must pay yield taxes and withdrawal taxes, with some exceptions.

A similar program exists for land designated as forest cropland. Since July 1985, no new land may be subject to the forest cropland program. However, there is forest land that is currently in this program since the designations last for 25 or 50 years.

This bill makes the following changes to the Managed Forest Land Program.

ASSEMBLY BILL 679***Exemption from yield taxes***

When merchantable timber is cut from managed forest land, a yield tax is imposed on the value of that timber. Under current law, land subject to a managed forest land order that goes into effect on or after April 28, 2004, is exempt from payment of the yield tax. Under current law, this exemption does not apply to land that is converted from forest cropland to managed forest land before the forest cropland designation expires and does not apply to renewals of managed forest land orders. Under this bill, this exemption also does not apply to managed forest land orders that are expanded orders, as described below, or to managed forest land that was previously forest cropland under a forest cropland designation that has expired.

Management plans and fees

In order for a landowner to participate in the Managed Forest Land Program, DNR must approve a management plan that is submitted to DNR before the petition is approved. The management plan includes the owner's forestry objectives and a description of the forestry practices to be used. For petitions submitted before June 1, 2005, DNR must prepare the plan if the petitioner so requested, and the petitioner is exempt from paying the portion of the application fee that represents the cost of preparing the plan if the petition is accompanied by a proposed plan approved by DNR or a proposed plan prepared by a qualified forester. For petitions submitted on or after June 1, 2005, DNR may, but is not required to, prepare the plan. If DNR chooses not to prepare the plan, the petitioner must pay to have a plan prepared by a qualified forester or a plan writer who is certified by DNR, but not under DNR contract, to prepare plans. This bill changes the June 1, 2005, date to July 2, 2005. Beginning November 1, 2005, only plans prepared by certified plan writers will be exempt from paying a plan preparation fee.

Calculation of withdrawal tax

Under current law, an owner of managed forest land who wished to include in a managed forest land order land that does not meet the requirements under the program regarding acreage and the amount of merchantable timber may have the original order expanded to include the land if it is at least three acres in size and if it is contiguous to the existing managed forest land. Under the bill, if land under the expanded order is withdrawn before the original order would have expired, the withdrawal tax is calculated differently than the regular method used. The tax is the sum of the withdrawal tax under the expanded order, less any yield taxes or acreage share payments made, and the withdrawal tax that would have applied to the original acreage as of the date the expanded order goes into effect, less any yield taxes or acreage share payments made.

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:

ASSEMBLY BILL 679

1 **SECTION 1.** 77.82 (4g) (b) of the statutes is amended to read:

2 77.82 **(4g)** (b) If an owner of land that is designated as managed forest land
3 under an order that takes effect before April 28, 2004, wishes to have designated as
4 managed forest land an additional parcel of land that is in the same municipality,
5 that is at least 3 acres in size, that does not satisfy the requirements in sub. (1), and
6 that is contiguous to any of that designated land, the owner may withdraw the
7 designated land from the original order and may petition the department under sub.
8 (2) for a new order covering both the withdrawn land and the additional land. The
9 withdrawal tax and the withdrawal fee under s. 77.88 (5) and (5m) do not apply to
10 a withdrawal under this paragraph.

11 **SECTION 2.** 77.87 (1g) of the statutes is renumbered 77.87 (1g) (intro.) and
12 amended to read:

13 77.87 **(1g)** EXEMPTION. (intro.) For a managed forest land order that takes
14 effect on or after April 28, 2004, the owner of the managed forest land is exempt from
15 payment of the yield tax under sub. (1) for the first 5 years of the managed forest land
16 order. The exemption under this subsection does not apply to ~~managed forest land~~
17 ~~converted~~ any of the following orders:

18 (a) An order converting forest cropland to managed forest land pursuant to a
19 petition approved under s. 77.82 (7) (d) ~~or to a renewal of.~~

20 (b) A renewal order for a managed forest land order under s. 77.82 (12).

21 **SECTION 3.** 77.87 (1g) (c) of the statutes is created to read:

22 77.87 **(1g)** (c) An order under s. 77.82 (8) that designates as managed forest
23 land forest cropland that was subject to a contract under s. 77.03.

24 **SECTION 4.** 77.87 (1g) (d) of the statutes is created to read:

25 77.87 **(1g)** (d) A order petitioned for under s. 77.82 (4g) (b).

ASSEMBLY BILL 679

1 **SECTION 5.** 77.88 (5) (a) (intro.) of the statutes is amended to read:

2 77.88 (5) (a) (intro.) Except as provided in ~~par. pars.~~ (am), (ar), and (b), for land
3 withdrawn during ~~an initial~~ a managed forest land order, the withdrawal tax shall
4 be the higher of the following:

5 **SECTION 6.** 77.88 (5) (ab) of the statutes is created to read:

6 77.88 (5) (ab) In this subsection:

7 1. “Expanded order” means an order approved under s. 77.82 (8) that is
8 petitioned for under s. 77.82 (4g) (b).

9 2. “Original order” means the order from which designated land is withdrawn
10 as authorized under s. 77.82 (4g) (b).

11 **SECTION 7.** 77.88 (5) (ar) of the statutes is created to read:

12 77.88 (5) (ar) If any land designated as managed forest land under an expanded
13 order is withdrawn before the expiration date of the original order, the withdrawal
14 tax shall be the sum of the following:

15 1. For the portion of the land that is designated as managed forest land under
16 the original order, an amount equal to the product of the total net property tax rate
17 in the municipality in the year prior to the year in which the expanded order is
18 approved and the assessed value of the land for the same year, as computed by the
19 department of revenue, multiplied by the number of years under the original order,
20 less any amounts paid by the owner under ss. 77.84 (2) (a) and 77.87 during the time
21 the land was designated as managed forest land under the original order.

22 2. An amount equal to the product of the total net property tax rate in the
23 municipality in the year prior to this withdrawal and the assessed value of the land
24 for the same year, as computed by the department of revenue, multiplied by the
25 number of years the land was designated as land under the expanded order, less any

ASSEMBLY BILL 679

1 amounts paid by the owner under ss. 77.84 (2) (am) and 77.87 during the time the
2 land is designated as managed forest land under the expanded order.

3 **SECTION 8.** 2005 Wisconsin Act 25, section 9335 (2k) is amended to read:

4 [2005 Wisconsin Act 25] Section 9335 (2k) MANAGED FOREST LAND PETITIONS. The
5 treatment of sections 20.370 (1) (cx), 77.81 (2m), and 77.82 (2) (i), (2m) (a), (am), (b),
6 (d) 1. and 2., and (e), (3) (a), (b), and (g), and (4m) (d) of the statutes, the renumbering
7 and amendment of section 77.82 (2m) (dm) of the statutes, the amendment of section
8 77.82 (2m) (c) (intro.) of the statutes, and the creation of section 77.82 (2m) (c) 4. and
9 (dm) 2. of the statutes first apply to petitions that are submitted under the managed
10 forest land program on ~~June 1~~ July 2, 2005, for initial designations, for conversions
11 of forest croplands to managed forest land, and for renewing orders designating
12 managed forest land.

13

(END)