

Fiscal Estimate Narratives

DNR 2/3/2005

LRB Number	05-1032/1	Introduction Number	AB-7	Estimate Type	Original
Subject					
Acreage requirement under managed forest land program					

Assumptions Used in Arriving at Fiscal Estimate

Summary of Bill: Under current law, an owner of 10 or more contiguous acres of forest land in a municipality may apply to the Department of Natural Resources (DNR) to enroll the land in the managed forest land (MFL) program. The application is for 25 or 50 years and must include a forestry management plan demonstrating the owner's commitment to use the land for forestry purposes. At least 80% of the acreage must be capable of producing a minimum of 20 cubic feet of merchantable timber per acre per year. If DNR finds that the land qualifies and approves the management plan, the land is accepted into the MFL program.

Land enrolled under the MFL program is not subject to general property taxes. Instead, an owner of land under the MFL program must annually pay \$ 1.46 per acre to the municipality, which must forward 20% to the county. An owner of MFL land who chooses to close land to public access must pay an additional \$ 5.82 per acre to the municipality, which must remit the entire amount to DNR. The state annually pays municipalities with MFL land \$0.20 per acre, 20% of which the municipality must pay to the county. The maximum number of acres a landowner can close to public access is 160 acres per municipality.

Under the bill, the requirement of the land being within one municipality would be removed. In effect, it would allow for some pieces of land less than 10 acres that previously were not eligible to be entered into the program to be entered into the MFL Program because they are adjacent to eligible acres within a different municipality. This bill will also limit the number of acres that can be closed to 160 acres statewide.

Based on experience from the DNR on yearly MFL application numbers, it is expected that the increase in application numbers and acreage would be minimal once this bill is passed. Approximately 10 new applications per year averaging 3 to 18 acres could be expected from landowners who previously could not enter land into the MFL program, impacting 30 to 180 total acres. Conversely, total applications and acreage may decrease when landowners reach the 160 acre closed acreage limits statewide. Gerrymandering of deeds may allow for additional lands to be entered. Reducing the gerrymandering of deeds and the associated workload was one reason why the closed acreage limitation was increased to 160 acres per municipality in 2004 WI Act 228.

State Fiscal Effect: The State would be impacted primarily by a one time cost (dollars and staff time) for re-programming of the computer programs used to track and administer the Managed Forest Law. It is estimated that re-programming which would be done through contracted services would take approximately \$150,000 dollars (2000 hrs @ \$75/hr). It would also take an estimated 1,000 staff hours for directing, designing, and testing the re-programming, at a cost of \$28,900 in salary and fringe benefits.

The change in administration would also include additional staff time needed to identify and track entries when consulting with foresters, municipalities, counties and landowners. All orders issued for entry, transfer, withdrawal, correction or amendment of an order are recorded with the register of deeds in the county, and distributed to the municipal clerk, municipal assessor, Supervisor of Equalization and Department of Revenue. If the order is in multiple municipalities the order must be distributed to multiple clerks and assessors. And if the land is in multiple counties the order must be recorded multiple times (once in each county).

Local Fiscal Effect: There would be an insignificant amount of additional revenues that municipalities might receive from yield taxes and acreage share payments. Additional yield taxes at approximately \$ 0.50 x 180 acres would equal \$ 90.00 per year. Acreage share payments at \$ 1.43 x 180 acres would equal \$ 257.40.

Long-Range Fiscal Implications

Long range fiscal impacts will be minimal. Additional time will be needed to track and monitor managed forest land entries created under AB 7. Additional hours are estimated to be less than 100 per year.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Acreage requirement under managed forest land program			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Costs to re-program all administrative computer programs is estimated to be \$ 150,000 of contracted time. One-thousand hours of existing staff time will be needed for directing, designing and testing the re-programming, at a cost of \$28,900 salary and fringe.			
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			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		2/3/2005	