



## Fiscal Estimate Narratives

DNR 2/18/2008

LRB Number	<b>07-3610/3</b>	Introduction Number	<b>AB-0781</b>	Estimate Type	<b>Original</b>
<b>Description</b> Managed forest land for which there is limited access for persons to engage in certain recreational activities					

### Assumptions Used in Arriving at Fiscal Estimate

**SUMMARY OF BILL.** AB 781 adds a third tier taxation option to the existing two tiers of "open" and "closed" on lands designated as managed forest land (MFL). The third tier, "limited access" would allow landowners to enter into recreational leases on Managed Forest lands in exchange for paying a higher fee per acre. Currently landowners are not permitted to lease lands that are designated as MFL.

**FISCAL IMPACT.** The bill would have a fiscal impact on the Department of Natural Resources (DNR), the Department of Revenue (DOR) and local units of government.

**Costs to Update and Maintain Computer Software:** The DNR would incur one-time costs related to updating the computer data systems that are used to track MFL open, closed and limited access designations. The Department estimates these costs will be \$34,000 (400 hours x \$85/hour for a computer contractor = \$34,000). The DOR also estimates that it will incur one-time costs of approximately \$34,300 to update forms and computer systems. This cost would include 1000 hours of staff time (1000 hours x \$34.27 = \$34,300). In addition, the DOR will incur estimated annualized costs of \$7,200 for 210 hours of staff time (210 hours x \$34.27 = \$7,200) to maintain its MFL related computer systems. In addition, 71 Wisconsin counties (all counties other than Milwaukee County, which has no MFL acreage) will incur estimated one-time costs of \$213,000 to update their computer data systems, based on 40 hours of programming at \$75 per hour (40 hours x \$75/hour x 71 counties = \$213,000). (This estimate for county one-time costs is based on information obtained from Burnett County.)

Assessors will also incur one-time costs to update their computer data systems. Based on data obtained from the Department of Revenue, there are 551 assessors outside of Milwaukee County (which has no MFL entries). Based on information obtained from Burnett County related to the one-time data system related costs that would be incurred by assessors (40 hours of programming at \$75/hour), the DNR estimates that the total statewide one-time costs to the assessors may be as high as \$1,653,000 (40 hours x \$75/hour x 551 assessors = 1,653,000).

**Costs to Update Literature, Applications, and Websites:** There would be costs associated with updating MFL-related literature. Documents such as the MFL application and DNR websites would need to be updated to include the limited access designation. The Department estimates the costs associated with updating this information to be approximately \$2,460 (8000 applications x \$ 0.1356 per application = \$1085 and 40 hours x \$ 34.27 per hour = \$1,370).

**Costs to Notify MFL Program Participants of Statutory Change:** The DNR assumes it would need to inform all MFL landowners of the limited access provision and allow landowners the opportunity to request changes to their tax status. Mailing of 31,000 letters to MFL landowners will cost \$15,000 (31,000 letters x \$0.483 per letter = \$15,000).

**Revenue Generated from Limited Access Fees:** There are 408,856 acres of land in the open MFL tax status in the small, family forests. A recent survey of telephone calls received after mailing notification letters of the prohibition on leasing closed MFL lands showed that roughly 15% of the calls were about the leasing prohibition. Assuming, therefore, that 15% (946) of these MFL entries (6311) were to opt into the limited access tax rate (i.e. 45% of the average statewide property tax per acre of property classified under s. 70.32 (2)(a) 6 – currently \$15), 61,490 acres (based on an average entry of 65 acres) would be converted from open to limited access and there would be \$922,350 of revenue collected for the DNR to be used for the MFL Recreational Grant program (61,490 x \$15/acre = \$922,350).

Based on past leasing patterns of industrial lands, the Department assumes that 164,750 acres of the 764,680 acres, 22% of the industrial lands, could be converted from open to limited access lands in the near future. Revenues of \$2,471,250 would be collected for the DNR to be used for the MFL Recreational Grant

program (164,750 acres x \$15/acre = \$2,471,250).

### **Long-Range Fiscal Implications**

None.

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number 07-3610/3</b>		<b>Introduction Number AB-0781</b>	
<b>Description</b> Managed forest land for which there is limited access for persons to engage in certain recreational activities			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Department of Natural Resources would have one time costs of \$51,460. Department of Revenue would have one time costs of \$34,300. Local units of government would incur one-time costs totaling \$1,866,000.			
<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	\$7,200	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$7,200</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	7,200	
	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	3,393,600	
	<b>TOTAL State Revenues</b>	<b>\$3,393,600</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$7,200	\$
NET CHANGE IN REVENUE		\$3,393,600	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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