

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3709/2	Introduction Number SB-550	
Description extensions of managed forest land orders		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Paul Ziegler (608) 266-5773	Date 3/14/2008

Fiscal Estimate Narratives

DOR 3/14/2008

LRB Number	07-3709/2	Introduction Number	SB-550	Estimate Type	Original
Description extensions of managed forest land orders					

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

An owner of a parcel of land containing 10 or more contiguous acres may apply to the Department of Natural Resources (DNR) to enter the land under the Managed Forest Land (MFL) program. In general, the land will be entered if it is capable of producing a certain amount of merchantable timber per acre per year. Upon entry, the landowner signs a 25 or 50 year contract with the DNR wherein the land owner promises to follow a forest management plan and to permit public access to the land for recreational purposes such as hunting, fishing, hiking, sight-seeing, and cross-country skiing. A landowner may, however, close up to 80 or 160 acres per municipality (depending on when the land was entered) from public access. In addition, land owners are prohibited from leasing lands entered under the MFL program.

Land enrolled under the MFL program is exempt from local property taxes and instead subject to one or two annual fees. These fees are billed and collected as part of the property tax settlement process. All MFL land is subject to the "acreage share" fee. From 2009 to 2013, this fee is either \$0.74 per acre (for land entered before April 28, 2004) or \$1.67 per acre. The municipality where the land is located keeps 80% of this fee and remits 20% to the county. On land closed to public access, an additional fee called the "closure fee" must be paid. From 2009 to 2013, this fee is either \$0.90 per acre (for land entered before April 28, 2004) or \$6.67 per acre. All collections are paid to the DNR for deposit in the State Conservation Fund.

PROPOSED LAW

The bill would permit an MFL landowner to apply to the DNR to extend the MFL contract for an additional 10 years if all of the following conditions apply: (1) 30% or more of the merchantable timber on 5 or more contiguous acres was adversely affected by a catastrophic loss, (2) the catastrophic loss occurred with 15 years of the expiration date of the original order, and (3) the catastrophic loss resulted in a reduction of 30% or more of the stumpage value of timber on the land. Catastrophic loss is defined as severe loss caused by ice, snow, wind, flooding, insects, disease, or fire mortality.

An extension application shall be signed by the landowner and by a DNR field forester who certifies that the owner is eligible to apply for the extension. The DNR may deny the application only if, on the date of the application, the owner is not in compliance with the management plan for the land or there are delinquent taxes on the land. Notification of any approved extensions must be provided to the Department of Revenue (DOR) and to the clerk and assessor of the municipality where the land is located. In addition, the extension shall be recorded with the county register of deeds of the county where the land is located.

STATE FISCAL EFFECT

The DNR is the main administrator of the MFL program, and has the information needed to estimate the potential number of landowners, parcels, and acres that could be affected by the bill.

Costs to DOR are expected to be minimal and can be absorbed within current resources.

LOCAL FISCAL EFFECT

To the extent that MFL landowners are able to take advantage of the provisions of the bill and have their MFL contracts extended, affected land will stay off the tax rolls for longer than under current law. To the degree that lands entered under the MFL program cause taxes to be shifted to other property owners, the shift will occur for a longer time than under current law.

Long-Range Fiscal Implications