

Fiscal Estimate Narratives
DNR 11/11/2009

LRB Number 09-3450/1	Introduction Number AB-0531	Estimate Type Original
Description The exception to the assessment of withdrawal taxes and fees against a landowner who transfers ownership of managed forest land for siting a public safety communications tower		

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY OF BILL

The bill provides an exemption from withdrawal taxes and a withdrawal fee if land designated as Managed Forest Law (MFL) is sold to a governmental unit for the purpose of building a public safety communications tower. This bill would also allow remaining acreage in a legal description to continue MFL designation as long as it meets eligibility requirements.

FISCAL IMPACT

The state and local fiscal impact are based on the assumption that 5 acres are needed for each public safety communications tower and that one withdrawal for a public safety communications tower would be done annually. This 5 acre withdrawal acreage is based on the size of recent certified survey maps from counties that have acquired lands through fee simple or easement to accommodate communication towers. These 5 acres would be withdrawn from the MFL program and be exempt from payment of a withdrawal tax and fee.

State Fiscal Impact

Assuming there is one public safety communications tower withdrawal each year, state withdrawal fee revenue would decrease \$300 (1 withdrawal fee = \$300).

The state will realize a fiscal benefit to closed acreage fees as a result of AB 531. Under current law, all lands within a legal description must be removed from the MFL program if any part of that legal description is removed from MFL designation. If an entire 40 acre description is removed from the MFL program the state would realize a loss of \$36/year for land entered before 2005 (closed acreage fees are \$ 0.90 per acre) and \$266.80/year for land entered after 2004 (closed acreage fees are \$ 6.67 per acre).

By comparison, with AB 531 lands that would have been previously removed from MFL designation would now be allowed to remain. The state would continue to collect the closed acreage fee for the remaining MFL if the lands meet eligibility requirements (e.g. 80% productive). Assuming that 5 acres of a 40 acre legal description are removed from the MFL program as a result of AB 531, the remaining 35 acres would be allowed to remain in the MFL program. Closed acreage fees on the 35 acres would total \$31.50/year for lands entered before 2005 and \$233.45/year for lands entered after 2004.

Instead of losing \$36/year or \$266.80 per year, the state would lose \$4.50/year or \$33.35/year, depending upon the year of entry.

Local Government Impact

In calendar year 2008, there were a total of 13,626 acres withdrawn from the MFL program with a total withdrawal tax of \$3,018,604. The average withdrawal tax per acre is \$222 (\$3,018,604 divide by 13,626 acres = \$222/acre). Under current law, if 5 acres of land are withdrawn from MFL, the entire legal description (40 acres) would be withdrawn, resulting in \$8,880 in withdrawal tax revenue (\$222/acre x40 acres = \$8,880).

By comparison, the language in AB 531 specifies that local municipalities will not receive any withdrawal tax for land on which public safety communications towers are located since the 5 acres designated for the tower would be exempt from the tax and the other 35 acres would remain in the MFL program and would thus not be subject to the tax. Therefore, the bill results in an \$8,880 reduction in withdrawal tax revenue for local governments.

Withdrawal taxes that are collected by the Department are returned to the local municipality. Each municipality keeps 80% of the withdrawal tax and remits 20% of the withdrawal tax to the county. Therefore, local townships, villages and cities would lose \$7,104 annually (40 acres x \$222/acre x 80% = \$7,104), while counties would lose \$1,776 annually (40 acres x \$222/acre x 20% = \$1,776).

Lands that are withdrawn from MFL as a result of AB 531 will be placed on the regular property tax rolls.

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-300
TOTAL State Revenues	\$		\$-300
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-300		-\$8,880
Agency/Prepared By		Authorized Signature	Date
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