

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-2068/1	Introduction Number SB-126	
Description The due date for payment of yield taxes on merchantable timber cut on damaged managed forest land and the assessment of payments per acre for damaged managed forest land		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" 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 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (1)(mv)		
Agency/Prepared By DNR/ Joe Polasek (608) 266-2794	Authorized Signature Joe Polasek (608) 266-2794	Date 7/13/2011

Fiscal Estimate Narratives

DNR 7/13/2011

LRB Number	11-2068/1	Introduction Number	SB-126	Estimate Type	Original
Description The due date for payment of yield taxes on merchantable timber cut on damaged managed forest land and the assessment of payments per acre for damaged managed forest land					

Assumptions Used in Arriving at Fiscal Estimate

The bill allows the owner of managed forest land (MFL) to extend the due date for payment of yield taxes by an additional ten years from the date on which those taxes would ordinarily be due if certain circumstances are met. The bill also allows the owner of managed forest land who qualifies for the extension of the yield tax due date to also pay the same tax rates for the first 10 years of a new MFL order if they re-enroll their expiring MFL lands back into the MFL program.

Lands that qualify for the extension must have had (1) a catastrophic event (fire, ice, snow, wind, flood, insect or disease damage) that caused a 50% or more reduction in the total stumpage value of the merchantable timber on all of the tracts for which the extension request is filed, and (2) the tracts must constitute at least 15% of the land under the owner's MFL order.

The MFL owner may continue to pay this alternative amount if the catastrophic event occurred within 15 years immediately preceding the expiration of the MFL order, and the landowner re-enrolls the land back into the MFL Program.

Assumptions/Methodology

The estimated state and local fiscal impact of this bill is based on the number of catastrophic loss claims submitted in the years 2000-2010. From the years 2000 through 2010 landowners made a total of 754 catastrophic loss claims on 50,094 acres. The number of claims ranged from year to year, from a high of 169 to a low of 30. Of the 754 claims made from 2000 through 2010, 689 claims for 36,650 acres of land would meet the criteria included in the bill.

State Fiscal Impacts--Closed Acreage Fee Revenue

The Department estimates that the bill will reduce closed acreage fee revenues, which are deposited into the Forestry Account.

It is assumed that only small private landowners will close lands to public access and that large landowners will continue to keep lands open. Of the 36,650 acres of land that would meet the eligibility criteria specified in the bill, the Department estimates that 15,905 acres would be closed to public access and would thus be subject to the closed acreage fee. As a result of the MFL extension that would be permitted under the bill, landowners who qualify for an extension will continue to pay the closed acreage fee of \$0.90/acre for MFL land entered before 2005 instead of the current rate of \$6.67/acre, for a net reduction of \$5.77/acre. Therefore, closed acreage fee revenues are estimated to be reduced by \$91,800 annually ($\$5.77/\text{acre} \times 15,905 \text{ acres} = \$91,771.85$); however, note that the fiscal effect will climb for the first 10 years following passage of the bill, peak at \$91,800 in the 10th year, and remain constant at \$91,800 thereafter.

Costs to Update Literature, Applications, and Websites: The Department assumes that it will incur one-time costs for updating all literature and websites associated with the MFL program. The Department estimates the costs associated with updating this information to be \$1,400 (40 hours staff time x \$34.27/hour salary and fringe = \$1,400).

Local Government Fiscal Impact

Loss of Acreage Share Revenue: The Department estimates that the bill will reduce acreage share tax revenues for local municipalities.

Landowners who qualify for an extension will continue to pay the acreage share tax of \$0.67/acre for MFL land entered before 2005 instead of the current rate of \$1.67/acre, for a net reduction of \$1.00/acre. Therefore, local municipalities would receive approximately \$36,700 less in annual acreage share tax

revenues ($\$1.00/\text{acre} \times 36,650 \text{ acres} = \$36,650.00$); however, note that the fiscal effect will climb for the first 10 years following passage of the bill, peak at \$36,700 in the 10th year, and remain constant at \$36,700 thereafter.

Long-Range Fiscal Implications

As explained in the main narrative, it is assumed that the full fiscal impact of the bill will not be realized until 10 years after implementation.

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description The due date for payment of yield taxes on merchantable timber cut on damaged managed forest land and the assessment of payments per acre for damaged managed forest land			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Estimated one-time costs of \$1,400 to update literature and web sites.			
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 (Forestry)		-91,800
	TOTAL State Revenues	\$	-\$91,800
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-91,800	-\$36,700
Agency/Prepared By		Authorized Signature	Date
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