



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2011 Senate Bill 126

**Senate
Amendment 1**

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2011 Senate Bill 126 (the bill) provides two exceptions to the provisions governing the Managed Forest Land (MFL) program for the owners of land enrolled in the program on which a “catastrophic event” has caused damage to the merchantable timber. The bill defines “catastrophic event” as “damage caused by fire, ice, snow, wind, flooding, insects, or disease.”

2011 SENATE BILL 126

Yield Tax

Under current law, the owner of MFL land must pay a yield tax at the time he or she harvests timber from the land. The tax payment is due soon after the timber is harvested. The bill provides that, with regard to MFL land affected by a catastrophic event, the owner may apply to the Department of Natural Resources (DNR) for a 10-year extension, or delay, of the date on which the yield tax is due.

Acreage Share

Under current law, in lieu of property taxes, the owners of MFL land pay an “acreage share” to local units of government. The bill specifies that, for land affected by a catastrophic event, the land owner may, for the first 10 years after reenrollment of the land in the MFL program, continue to pay the acreage share at the rate at which that landowner paid under the original MFL order.

SENATE AMENDMENT 1

Senate Amendment 1 makes four changes to the bill, two of them related to the initial applicability of the bill’s provisions.

Definition of “Tract”

The bill applies to individual tracts of land, and defines “tract” as a quarter-quarter-quarter section.¹ The amendment changes the definition of “tract” to a quarter-quarter section.

Extension of Yield Tax Payment Deadline

The amendment specifies that a landowner may apply for an extension of the due date for payment of the yield tax for 10 years (as under the bill) *or until the owner sells the land*, whichever comes first.

Initial Applicability

The bill specifies that “[t]his act first applies to merchantable timber damaged on land that is subject to a managed forest land order on the effective date of this subsection.” The amendment clarifies the initial application of the bill as described below.

Yield Tax

The amendment specifies that the provision relating to the yield tax first applies to yield taxes assessed on the effective date of the bill. As a result, regardless of when the damage to timber occurred, if the yield tax has already been assessed, this provision of the bill does not apply; if the yield tax has *not* been assessed yet, this provision does apply.

Acreage Share

As under the *bill*, the amendment provides that, if MFL land qualifies for the extension of the yield tax payment deadline due to a catastrophic event that occurs not more than 15 years before the end of the MFL order, the owner may, for the first 10 years of a renewed MFL order, pay the acreage share that the owner paid under the original order. The *amendment* further specifies that, if both the catastrophic event and the reenrollment of the land in the MFL program occurred prior to the effective date of the bill, the owner may pay the acreage share that the owner paid under the original order for the period of time beginning on the effective date of the bill and ending 10 years after the reenrollment of the land in the MFL program. Under this language, the provisions relating to acreage share payments apply to MFL *land* affected by a catastrophic event that occurred as much as 15 years before the effective date of the bill. However, the provisions only apply to acreage share *payments* made after the effective date.

LEGISLATIVE HISTORY

On January 19, 2012, the Senate Committee on Agriculture, Forestry, and Higher Education voted to introduce Senate Amendment 1 and to recommend adoption of the amendment and passage of the bill, as amended, on votes of Ayes, 7 and Noes, 0.

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¹ A quarter-quarter-quarter section is a parcel of land that is one quarter of one quarter of one quarter of a survey section; it is a square parcel 10 acres in size.