



## Fiscal Estimate Narratives

DNR 7/26/2017

LRB Number	17-1803/1	Introduction Number	AB-0338	Estimate Type	Original
<b>Description</b> sale of public lands owned by the Board of Commissioners of Public Lands to the state; county management of certain state lands; merit scholarships for certain University of Wisconsin System students; the obligation of moneys for land acquisition under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program; and making an appropriation (at the request of the state treasurer)					

### Assumptions Used in Arriving at Fiscal Estimate

The bill provides \$10 million per year of Stewardship bonding authority, beginning in FY 2018 and ending in FY 2027, to purchase land owned by the Board of Commissioners of Public Lands (BCPL).

To allow for the BCPL land purchases, the bill reduces the Stewardship department land acquisition allocation from \$9 million per year to \$2 million per year and reduces the allocation for Stewardship grants to nonprofit conservation organizations from \$7 million per year to \$4 million per year.

In addition, the bill authorizes county boards to manage, maintain and improve any land the department purchases from BCPL if the county board adopts a resolution to that effect within 6 months after the effective date of the bill. Under this provision, county boards would have control on the department land that would be similar to control they have over county forest land, such as regulating the use of the land, establishing forest plantations, engaging in silvicultural practices, and conducting timber sales.

Finally, the bill authorizes county boards to return management of land back to the department if it adopts a resolution to that effect.

#### A. Assumptions

BCPL currently owns approximately 75,300 acres of land across 33 counties.

BCPL lands would be appraised in accordance to current DNR practices for such appraisals.

All acquisition costs (appraisals, survey, closing fees, etc.) will be funded out of the \$10 million per year BCPL land acquisition program prescribed in the bill.

Improvements made by a county on land acquired from BCPL will not require approval by the DNR or the State Building Commission.

Property liability and improvement liability costs on land acquired from BCPL and managed by a county will be paid by the county.

#### B. Fiscal Impact-State

##### 1. Costs

##### a. Land Acquisition Costs-Principal & Interest Payments

Based on private land transactions of similar size and property type that have occurred over the past 5 years, the department estimates the average value for BCPL land will be \$550-\$750 per acre. Assuming a per acre cost of \$650, the department would have the ability to acquire approximately 15,400 acres of BCPL land in the first effective year of the bill (\$10 million of Stewardship bonding/\$650 per acre). The department would incur principal and interest costs for the next 20 years or longer on these bond-funded purchases.

##### b. Payments in Lieu of Taxes (PILT)

The department would be responsible for PILT payments to local units of government for any land purchased from BCPL, regardless of whether it is managed by the department or by the county. Based on current law, the department would pay an estimated \$10 per acre of PILT for BCPL land acquisitions. Therefore, based upon the aforementioned estimate of 15,400 acres of BCPL land acquired in the first effective year of the bill, PILT payments would increase by an estimated \$154,000 in the first year and

increase in subsequent years as additional BCPL land is purchased.

#### c. Land Management Costs

To the extent that land purchased from BCPL is managed by the department, land management costs for affected programs would increase by an indeterminate amount. A determination of which department program would incur such costs is predicated on how the acquired land is ultimately designated (e.g., Forest, State Natural Area, etc.). Program costs would increase as additional BCPL property is purchased and to the extent that counties that had previously opted to manage land choose to return management responsibility back to the department.

#### 2. Revenues

The department would experience an indeterminate increase in Conservation SEG revenue if any of the land purchased from BCPL provides timber for harvest or is utilized for agricultural leases.

### C. Fiscal Impact-Local Governments

#### 1. Costs

Counties opting to manage land acquired from BCPL would experience an indeterminate increase in land management costs

#### 2. Revenues

Counties opting to manage land acquired from BCPL would experience an indeterminate increase in revenue if any of the land provides timber for harvest.

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