

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-5784/2	Introduction Number SB-913
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Description
 the managed forest land program

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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(2)(mv)

Agency/Prepared By DNR/ Paul Neumann (608) 266-0818	Authorized Signature Paul Neumann (608) 266-0818	Date 2/11/2022
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Fiscal Estimate Narratives

DNR 2/11/2022

LRB Number	21-5784/2	Introduction Number	SB-913	Estimate Type	Original
Description the managed forest land program					

Assumptions Used in Arriving at Fiscal Estimate

The bill makes numerous changes to the managed forest land (MFL) program.

I. Assumptions & Background Information

A. The bill will result in an indeterminate number of MFL enrollment acres transferred, added, and exempt-withdrawn.

B. Local Property Tax Base and Revenue

1. Proposed allowable property additions will presumably reduce property tax base subject to local property taxes for municipalities, counties, school districts, and technical college districts by an indeterminate amount.

2. Proposed allowable exempt withdrawals will presumably increase property tax base subject to local property taxes for the same local units of government and education by an indeterminate amount. These withdrawals will presumably reduce associated penalties currently limited to a ten-year reverse look awarded to municipalities and counties by an indeterminate amount.

3. The department assumes the two items above are revenue neutral.

C. Allowable Property Additions

2015 Act 358 provided the ability to add acreage to pre-2005 Managed Forest Law enrollments and effectively increased the number of annual additions by 190 petitions, annually (14 in CY 2014; 219 in CY 2020). The proposed bill allows landowners to enroll parcels as small as 10 acres if they enroll at least two in the same ownership tract and add non-contiguous additions at least 10 acres in the same ownership tract, as well as contiguous additions of any size. Since additions are taxed at the rate of land being added to, the bill enhances opportunities for landowners to enroll MFL at the lower pre-2005 acreage share closed rates (\$2.04/acre instead of \$10.20/acre).

D. Allowable Exempt Withdrawals

2015 Act 358 provided the ability to withdraw acreage with an exemption from penalty under certain conditions; the law also limited penalties to a ten-year period of enrollment. The proposed bill allows for an additional voluntary exempt withdrawal type, and there are additional ways to become ineligible via conveyances of non-MFL land. The department assumes it will need to administer an indeterminate number of more voluntary withdrawals (256 issued in 2020) and involuntary withdrawals (34 issued in 2020).

E. Allowable Transfers

Issuing transfer orders triggered by ownership changes of MFL land is already our most common transaction: DNR issued 2,263 transfers in 2020 (compared to 1,649 new enrollment orders). In 2020, the department issued 33 notices for failure to file a transfer or withdrawal form as required by law when ownership changes. The department expects the proposed bill to increase the number of required investigations necessitated by failure to file a transfer or withdrawal form when ownership changes or failure to adhere to the new requirement to alert the department when non-MFL lands are conveyed.

II. State Fiscal Effect

A. Ongoing Costs

While the increase of new applications for additions, withdrawals, and transfers is indeterminate, the

department assumes, at a minimum, that it will require 30 minutes of staff time for every withdrawal or transfer transaction. Based on historical data, the Department assumes an average of 4,783 MFL withdrawal and transfer transactions per year; therefore, at a minimum, the fiscal impact of the bill is estimated to be 1.31 FTE worth of staff effort at an annualized cost of ~\$95,100 to process transactions (4,783 applications x 30 minutes = 2,392 hours / 1,820 FTE hours = 1.31 FTE x 1,820 hours x \$39.86 per hour = \$95,034).

B. One-Time Costs

The department assumes that the bill will require significant updates to its WISFIRS property information management system, forms, and record keeping system. It estimates a one-time work effort of 520 hours at a one-time cost of \$37,800 to complete these tasks.

The department will have to engage in permanent rule-making revisions to NR46. The department assumes emergency rule-making won't be permitted and that it will have to re-examine denied applications for exempt withdrawals after permanent rules are finalized.

III. Local Fiscal Effect

The local fiscal impact is estimated to be budget neutral.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

An estimated 520 hours at \$37,800 to update the WISFIRS property management system, forms, and record keeping system.

II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs

A. State Costs by Category		
State Operations - Salaries and Fringes	\$95,100	\$
(FTE Position Changes)	(1.3 FTE)	
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$95,100	\$

B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	95,100	

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		
TOTAL State Revenues	\$	\$

NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$95,100	\$
NET CHANGE IN REVENUE	\$	\$

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