

Fiscal Estimate — 2009 Session

<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected <input type="checkbox"/> Supplemental	LRB Number Bill Number	Amendment Number if Applicable Administrative Rule Number FR-45-10
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Subject

Proposed revisions to Subchs. II and III Ch. NR46 regarding changes to the administration of the Managed Forest Law program.

Fiscal Effect

State: No State Fiscal Effect
 Indeterminate

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs — May be possible to absorb within agency's budget.

Yes No

Decrease Costs

Local: No Local Government Costs

Indeterminate

1. Increase Costs
 Permissive Mandatory

2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory

4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

Towns Villages Cities

Counties Others

School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations

s. 20.370(1)(cr)

Assumptions Used in Arriving at Fiscal Estimate

Summary of the changes to NR 46, Wis. Admin. Code under FR-45-10. Changes to NR 46 include a variety of topics including elimination of the subsection associated with management of the Woodland Tax Law, changing the definition of “incompatible with existing uses of the land,” repealing of the definition of “management plan packet,” replacing the words “petition” and “petitioner” with “application” and “applicant,” amending the application dates and requirements, amending the application fees, repealing the requirement for specific wording on application forms and management plans, amending the requirements to be certified as a plan writer, amending reporting dates for certified plan writers, requiring that owners buying lands from larger ownerships provide a management plan within one year of the date of transfer, requiring that owners who no longer meet the qualifications of a large ownership provide a management plan within one year of losing large ownership status, amending wording associated with the alternative withdrawal tax calculation.

Most provisions of the proposed NR 46 rule change have no fiscal impact on state or local revenues or expenditures, including provisions to repeal subchapter II, amend or repeal definitions, amending application deadlines and requirements, repeal specific wording used in MFL forms, amend certified plan writer program certification requirements, amend certified plan writer reporting dates, amending wording associated with determining the alternative withdrawal tax.

Changes to NR 46 that do have a fiscal impact include the following:

A. STATE FISCAL IMPACT

Amend MFL application fees. The department’s cost to record orders at the register of deeds office has increased from \$20 to \$30 per order. Since MFL landowners pay an application fee that covers the recording costs, application fees must be increased from \$20 to \$30. Over the past 5 years, an average of 1,249 applications have been received for entry into MFL. This new entry is expected to be constant for the next 5 years. In addition, there is an expected increase in applications due to the renewal of lands from expiring MFL entries. Roughly 67% of lands that are expiring from the Forest Crop Law program re-enroll under MFL. If this trend remains constant it is expected that an average of 837 renewals will be submitted annually. If landowners pay an additional \$10 per entry for

Long-Range Fiscal Implications

Prepared By:	Telephone No.	Agency
Joe Polasek	266-2794	Department of Natural Resources
Authorized Signature	Telephone No.	Date (mm/dd/ccyy)
	266-2794	

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Page 2 Assumptions Narrative Continued

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Assumptions Used in Arriving at Fiscal Estimate – Continued:

new or renewal applications, the department will collect an additional \$20,860 to cover the recording costs (1,249 new entries + 837 renewals = 2,086 total entries x \$10/entry = \$20,860).

B. LOCAL GOVERNMENT FISCAL IMPACT

None

C. PRIVATE SECTOR FISCAL IMPACT

Require that owners buying lands from large ownerships, as defined in NR 46.18(4), provide a management plan within one year of the transfer date. Roughly 113 transfers from a large ownership to a small ownership have occurred annually from calendar year 2005 through 2009. Under this rule proposal, landowners would be required to provide a management plan within one year of the date of transfer that would be written by a certified plan writer. DNR foresters would write a management plan only if services from a certified plan writer are not available.

Certified plan writers charge for their services in a variety of ways including: (1) a combination of plan cost and per acre cost, (2) per acre costs only, (3) hourly costs or (4) project costs. To determine the cost of plan writing services for this fiscal estimate the cost the department would charge to write a management plan is used, which is based on the plan cost and per acre costs. DNR determines these costs by averaging the costs certified plan writers annually charge landowners for plan writing services. The current base rate, or cost per plan is \$470 per plan, with an additional charge of \$6.73 per acre.

The average MFL ownership is 67 acres; therefore, landowners would collectively spend \$104,062.83 to have these plans prepared by certified plan writers [(113 plans x \$470/plan) + (7,571 acres (67 ac. per plan x 113 plans) x \$6.73/acre) = \$104,062.83].

Require that owners who no longer meet the qualifications of a large ownership in NR 46.18(4) must provide a management plan within one year of losing large ownership status. Currently there are two large landowners who no longer meet the qualifications of a large landowner that would need to develop management plans through a certified plan writer. Under this rule proposal these two landowners would need to have management plans developed at a cost of \$17,032.99 [(10 plans x \$470/plan) + (1,832.54 acres x \$6.73/acre) = \$17,032.99].

Fiscal Estimate Worksheet — 2009 Session
 Detailed Estimate of Annual Fiscal Effect

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

None.

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations — Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
Total State Costs by Category		\$	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S		\$20,860	-
Total State Revenues		\$	\$ -

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ 0	\$ 0
Net Change in Revenues	\$ 20,860	\$

Prepared By: Joe Polasek	Telephone No. 266-2794	Agency Department of Natural Resources
Authorized Signature	Telephone No. 266-2794	Date (mm/dd/ccyy)