



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2005 Wisconsin Act 64**  
[2005 Assembly Bill 679 ]

**Managed Forest Lands**

Under the Managed Forest Law, a landowner may enter into an agreement with the Department of Natural Resources (DNR) to designate his or her land as managed forest land. The landowner must agree to manage the land according to a plan approved by the DNR and make a portion of the land open to the public. Managed forest land is not subject to local property tax, although the owner must make an annual acreage share payment; timber cut from the land is subject to a yield tax and land withdrawn from the program is subject to a withdrawal tax.

Some forest land in Wisconsin is under contract with the DNR under the Forest Cropland Program, similar to the Managed Forest Law. While land is no longer being enrolled as forest cropland, there are provisions for conversion of forest cropland to managed forest land.

### *Application process*

2005 Wisconsin Act 25 made changes to the application process under the Managed Forest Law. The changes were effective June 1, 2005, although applications are due July 1. To ensure that all applications in 2005 are subject to the same rules, 2005 Wisconsin Act 64 changes the effective date of the provisions of Act 25 that affect the Managed Forest Law to July 2, 2005.

### *Yield tax*

Managed forest land that was entered in the program on or after April 28, 2004 is exempt from the yield tax for the first five years of enrollment. This exemption does not apply to lands that were either managed forest land or forest cropland prior to that date and are renewed as or converted to managed forest land after that date. The Act identifies two mechanisms not addressed by prior law by which land enrolled under one of the programs prior to April 28, 2004, can come under a new managed forest land order issued after that date, and excludes those lands from the yield tax exemption, as well. The tax exemption is an incentive for landowners to enroll new land in the program; the Act ensures that

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

the exemption applies only to those lands and does not apply to land that had previously been enrolled in one of the programs.

***Withdrawal tax***

The amount of the tax on land withdrawn from the program is the greater of two calculations. One calculation is the difference between the amount of property taxes the owner would have paid on the land and the amount the landowner did pay in acreage share payments and yield taxes. The other calculation is the difference between 5% of the current stumpage value of merchantable timber on the land the amount the landowner paid in acreage share payments and yield taxes.

A landowner may withdraw land from a Managed Forest Law order and petition the DNR to issue a new order covering the land under the original order plus certain additional lands that otherwise would not be eligible for enrollment. Land withdrawn for purposes of adding land under an expanded order is not subject to the withdrawal tax, although it becomes subject to the tax if it is withdrawn from the expanded order at a later date.

The Act specifies that the tax on land withdrawn from an expanded order is based on the difference between property taxes not paid and acreage share payments and yield taxes paid by the landowner. The new formula provides a separate calculation for the original and added land under the expanded order, accounting for the difference in the amount of time each parcel was enrolled and the difference in the amount of acreage share payments required before and after April 28, 2004.

***Effective Date:*** Act 64 takes effect on January 6, 2006.

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April 11, 2006

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