

ORDER OF THE STATE OF WISCONSIN NATURAL RESOURCES BOARD
REPEALING AND RECREATING RULES

The Wisconsin Natural Resources Board proposes an order to repeal and recreate NR 46.30 (2) (a) to (c) relating to the administration of the Forest Crop Law and the Managed Forest Law

FR-13-05

Analysis Prepared by the Department of Natural Resources

Statutes interpreted: ss. 77.06 (2) and 77.91 (1), Stats.

Statutory authority: ss. 77.06 (2), 77.91 (1), Stats., and 227.11(2)(a), Stats. Sections 77.06 (2) and 77.91 (1), Stats., direct the department to establish stumpage rates on an annual basis for use in determining the severance and yield taxes assessed when timber is harvested from lands designated as forest crop land and managed forest land. New rates shall take effect on November 1 each year.

Analysis of proposed rules.

Annual Stumpage Rate Adjustment: For purposes of the Forest Crop Law and the Managed Forest Law, this rule repeals and recreates s. NR 46.30(2)(a) to (c) to revise annual stumpage values used to calculate severance and yield taxes due on timber cut during the period from November 1, 2005 through October 31, 2006. Thirteen separate zones reflect varying stumpage values for different species and products across the state. The average price change for sawtimber is a 0.6 % increase in current rates. The pulpwood proposed prices are, on the average, 0.06 % lower than current prices.

Repeat explanatory note at the end of pars. NR 46.30 (a), (b) and (c): The explanatory note that appears after the stumpage rate table in s. NR46.30 (2) (c) will be repeated after each stumpage rate table ss. NR46.30 (2) (a), (b) and (c). This note explains that the stumpage rates are used for calculating yield and severance taxes and are not a guarantee of actual market rates. Placing it after each table instead of only after the last table will make it more prevalent to make more landowners aware if it.

Comparison of Federal Regulations: There are no known federal rules which apply to stumpage rates.

Comparison of Adjacent States: Checks with the surrounding states of Minnesota, Michigan, Iowa and Illinois indicate that while they offer some type of incentive program to forest landowners, none of the states calculate severance and yield taxes in conjunction with these programs and do not develop annual stumpage values.

Data and Methodology: Division of Forestry Staff developed the proposed stumpage values using a formula that averages the past three years worth of stumpage price data provided by county, state, federal, industrial, and private consulting foresters.

Anticipated Costs Incurred by Private Sector: There are no anticipated costs for the private sector in general. The slight increase in sawtimber rates (0.6%) and the slight decrease in pulpwood rates (0.06%) will only affect private woodland owners with land designated as managed forest or forest crop land who harvest timber between November 1, 2005 and October 31, 2006. The 5% yield tax or 10% severance tax assessed on the timber harvested between these dates will be calculated using the revised rates.

Effect on Small Business. This rule will impact small business (i.e., farmers, landowners) who have land designated as managed forest land or forest crop land. Those involved in this voluntary program pay a

reduced tax in place of the regular property tax in exchange for sound forest management on the land. When timber is harvested they pay a 5% yield tax or 10% severance tax which is calculated using the stumpage rates established annually in NR 46.30.

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SECTION 1. NR 46.30 (2) (a) to (c) are repealed and recreated to read:

SECTION 2. EFFECTIVE DATE. This rule shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22 (2) (intro.), Stats.

SECTION 3. BOARD ADOPTION. This rule was approved and adopted by the State of Wisconsin Natural resources Board on June 22, 2005.

Dated at Madison, Wisconsin _____.

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By _____
Scott Hassett, Secretary

(SEAL)