

Committee Name:

**Assembly Committee – Rural Affairs and Forestry
(AC–RAF)**

Appointments

99hr_AC–RAF_Appt_pt00

Committee Hearings

99hr_AC–RAF_CH_pt00

Committee Reports

99hr_AC–RAF_CR_pt00

Clearinghouse Rules

99hr_AC–RAF_CRule_99–084

Executive Sessions

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Hearing Records

99hr_ab0000

99hr_sb0000

Misc.

99hr_AC–RAF_Misc_pt00

Record of Committee Proceedings

99hr_AC–RAF_RCP_pt00



John Ainsworth

State Representative • 6th Assembly District

Chair: Assembly Committee on Rural Affairs

MEMORANDUM

To: Assembly Committee on Rural Affairs and Forestry Members
From: Representative John Ainsworth, Chairperson *ja*
Date: July 28, 1999
Re: Clearinghouse Rule 99-084

On July 27, 1999, the following Clearinghouse Rule was referred to the Assembly Committee on Rural Affairs and Forestry:

Clearinghouse Rule 99-084, AN ORDER relating to the administration of the forest crop law and the managed forest law.

The deadline for committee action on this rule is *August 27, 1999*. If you would like a copy of the rule, or are interested in requesting a hearing, please contact my office prior to that date.



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State of Wisconsin
Department of Natural Resources

**NOTICE TO PRESIDING OFFICERS
OF PROPOSED RULEMAKING**

Pursuant to s. 227.19, Stats., notice is hereby given that final draft rules are being submitted to the presiding officer of each house of the legislature. The rules being submitted are:

Natural Resources Board Order No. FR-21-99

Legislative Council Rules Clearinghouse Number 99-084

Subject of Rules Administration of the Forest Crop Law
and the Managed Forest Law

Date of Transmittal to Presiding Officers July 19, 1999

Send a copy of any correspondence or notices pertaining to this rule to:

**Carol Turner, Rules Coordinator
DNR Bureau of Legal Services
LC/5, 101 South Webster**

266-1959

REPORT TO LEGISLATURE

NR 46, Wis. Adm. Code
Administration of the Forest Crop Law and
the Managed Forest Law

Board Order No. FR-21-99
Clearinghouse Rule No. 99-084

Statement of Need

The proposed rule completes the annual stumpage rate adjustments as required in ss. 77.06(2) and 77.91(1), Stats., including the creation of new zones for stumpage calculations and to clarify buildings on Forest Crop Law and Managed Forest Law conversion applications sent in prior to the establishment of the new definition of "human residence" which have yet to be processed.

To more accurately reflect the actual prices received by landowners, 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, 1999 through October 31, 2000. Thirteen separate zones reflect varying stumpage values for different species and products across the state. The average price change for sawtimber is a 4.38% increase over current rates. The pulpwood proposed prices are, on the average, 23.61% higher compared to current prices. The zones were also modified to create 13 zones rather than the current 12 zones. This will eliminate the need to have a special 30% reduction on pine cordwood prices in 27 counties.

Modifications as a Result of Public Hearing

The number of zones was changed from 12 to 13, rather than 14 as originally proposed. Because the number of zones was modified and further information received on the prices received for the timber cut from forest tax law lands, the average increase in stumpage values for sawtimber was 4.38% rather than 6.97%. The average stumpage value for pulpwood was an increase of 23.61% rather than 32.44% as originally proposed.

Appearances at the Public Hearing and Their Position

In support – none

In opposition:

Christine M. Walroth, Consolidated Papers, Inc., P.O. Box 158, Rhinelander, WI 54501

As interest may appear:

Rob Kudick, Wausau-Mosinee Paper Corporation, 100 Main Street, Mosinee, WI 54455

Bill Hasse, Champion International Corporation, W6582 N. US Hwy. 2, P.O. Box 39,
Norway, Michigan 49870

Pete Hilgers, Kretz Lumber Co., Inc., 1770 Lone Pine Lane, Mosinee, WI 54455

Doug Maurer, The Timber Company, 993 Kings Way, Nekoosa, WI 54457

Response to Legislative Council Rules Clearinghouse Report

The recommendations were accepted.

Final Regulatory Flexibility Analysis

This rule does affect small businesses. Small private forest landowners and forest industries enrolled under the Forest Crop Law and the Managed Forest Law are required to pay 10% and 5% respectively of the stumpage value adopted in the zone for the species and wood product volume cut from their land. Existing compliance and reporting procedures are defined by statute.

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

The Wisconsin Natural Resources Board proposes)
an order to amend NR 46.15(9) Note and repeal and)
recreate NR 46.30(2)(a) to (d) relating to the administration) FR-21-99
of the Forest Crop Law and the Managed Forest Law.)

Analysis Prepared by the Department of Natural Resources

Statutory authority: ss. 77.06(2), 77.91(1) and 227.11(2)(a), Stats.
Statutes interpreted: ss. 77.06(2), and 77.91(1), Stats.

Building Clarification Note: The note of clarification following the definition of "Developed for human residence" is modified to exclude all land converted to the Managed Forest Law from the Forest Crop Law (under the window of conversion authorized by the legislature) from the changes in human residence definition.

Annual Stumpage Rate Adjustments: 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, 1999 through October 31, 2000. Thirteen separate zones reflect varying stumpage values for different species and products across the state. The average price change for sawtimber is a 4.38% increase over current rates. The pulpwood proposed prices are, on the average, 23.61% higher compared to current prices.

The change to 13 zones is a change in the stumpage tables. The average price increase percentages were calculated on the 12 zones due to the lack of 13 zone pricing from last year.

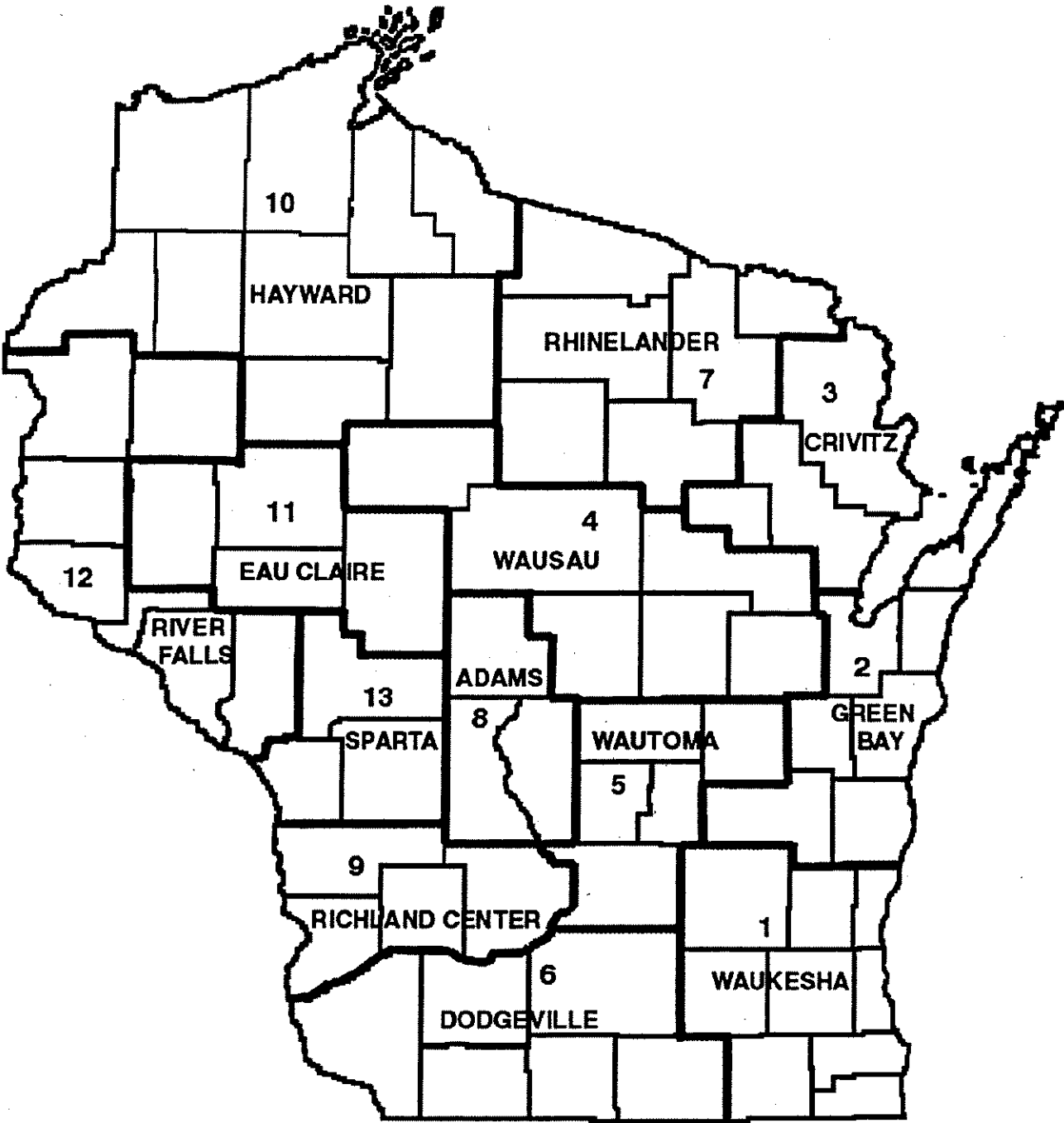
Stumpage Rate Zone Changes: In an effort to simplify and more accurately represent the actual prices received for timber cut on Forest Crop Law and Managed Forest Law lands, this rule repeals and recreates s. NR 46.30(2)(d) to create 13 new zone designations from the old 12 for the stumpage rate tables. This will eliminate the need for a 30% reduction in stumpage rates for pine cordwood in 27 counties as presently established in the 12 zone configuration.

SECTION 1. NR 46.15(9) Note is amended to read:

Note: "Developed for human residence" is not meant to include storage or workshop buildings. If there is living space as part of such buildings, the living space will be compared against the 8 characteristics. This definition does not apply to entries in effect January 1, 1999 or lands converted from the forest crop law to the managed forest law under s.77.82(4m), Stats., except that those entries must adhere to the traditional domicile and landscaping definitions concerning buildings on MFL lands.

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

(d) Map of severance and yield schedule zones



The foregoing rules were approved and adopted by the State of Wisconsin Natural Resources Board on
June 30, 1999.

The rules shall take effect the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2)(intro.), Stats.

Dated at Madison, Wisconsin _____

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By _____
George E. Meyer, Secretary

(SEAL)

FISCAL ESTIMATE

1999 Session

LRB or Bill No./Adm. Rule No.

FR-21-99

Amendment No. If Applicable

- 1 ORIGINAL 2 UPDATED
 3 CORRECTED 4 SUPPLEMENTAL

DOA-2048 (R 11/90)

Subject Revision of Timber Stumpage Rates in NR 46.30(2)(a) to (c), amending NR 46.15(9) Note to the definition of "developed for human residence", and revising NR 46.30(2)(d) creating a new set of zones for the stumpage rates.

Fiscal Effect

State: 5 No State Fiscal Effect

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

- 9 Increase Existing Appropriation 10 Increase Existing Revenues
 11 Decrease Existing Appropriation 12 Decrease Existing Revenues
 14 Create New Appropriation

6 Increase Costs - May be possible to Absorb Within Agency's Budget 7 Yes 8 No

13 Decrease Costs

Local: 15 No local government costs

1. 16 Increase Costs
 18 Permissive 19 Mandatory
 2. 25 Decrease Costs
 29 Permissive 30 Mandatory
 3. 17 Increase Revenues
 20 Permissive 21 Mandatory
 4. 26 Decrease Revenues
 31 Permissive 32 Mandatory

5. Types of Local Governmental Units Affected:

- 22 Towns 23 Villages 24 Cities
 27 Counties 28 Others
 33 School Districts 34 VTAE Districts

Fund Sources Affected

- 35 GPR 36 FED 37 PRO 38 PRS 39 SEG 40 SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The proposed 2000 stumpage rate schedule includes an average 4.38% increase in sawtimber prices and a 23.61% average net change in cordwood prices. The severance and yield tax collection in CY '98 was \$1,257,842. Of this, about 20% of the gross revenue is from sawtimber harvests. Eighty percent of the revenue was related to cordwood harvests. As a result, a 4.38% increase in sawtimber prices will produce an increase in gross revenue of about \$11,020. A 23.61% increase in cordwood values will generate about \$237,580 in additional revenue. The gross receipts are shared, the towns receiving roughly 50% and the state 50% of the revenue.

The change of zone lines for the stumpage rates will have no overall fiscal impact, but will have some impacts to specific counties that have changed zones. The actual impact is hard to due to the number of sales and the volumes included during a specific year.

The other aspect of the rule change, a clarification of the note on the definition of "human residence has no fiscal effects on state or local costs or revenues that can be directly estimated.

The net fiscal effect of the rule change will be about a \$124,300 increase in state revenue and a \$124,300 increase in local revenue.

Long-Range Fiscal Implications

None.

Agency/Prepared by: (Name & Phone No.)
Joe Polasek, 266-2794

Authorized Signature/Telephone No.
Joe Polasek (ET)
Natural Resources 6-2794

Date
6/18/99
06/18/99