

Fiscal Estimate Narratives
DNR 10/1/01

LRB Number 01-3151/1	Introduction Number AB-476	Estimate Type Original
Subject		
Property tax credit based on county timber sales		

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: This bill would take the net proceeds a county receives from selling timber off of county forest land and distribute it equally amongst all parcel holders of taxable property in a county. The sum would show as a credit on the property tax bill for each parcel. This would apply only to timber proceeds from land enrolled in the County Forest program covered in Chapter 28 of the WI. Stats.

Fiscal Estimate: Increases in workload would be expected by County staff in calculating the credit to each tax parcel holder. Initial impacts would be a decrease in funds to the twenty nine counties involved in the county forest program. It is anticipated that the decrease in revenue would be counteracted through an additional levy imposed by the Counties. Counties with smaller county forests would experience a considerable workload with a very small impact in taxes to the average tax parcel holder.

It is assumed that the 20% counties are required to pay the state for balances due in their respective forestry fund accounts (s.s. 28.11(9) WI. Stats.) is part of the operating expenditures of the county forest and NOT part of the "net" proceeds. Similarly, it is assumed that the 10% stumpage proceeds due the towns under s.s. 28.11(9)(2)d WI. Stats. is also part of the operating expenditures and NOT part of the "net" proceeds.

In analyzing the expenditures on county forests it is assumed the forestry budgets sampled in Juneau, Barron and Lincoln counties are representative of the county forest system. Expenditures do not include costs associated with Parks operation, although that is commonly part of a county forest administrator's responsibility.

See Page 2 for assumptions and examples used in arriving at conclusions.

Two examples were used to illustrate the fiscal impact. Barron county (4th smallest) representing the smaller County Forests and Lincoln county (11th largest) the larger ones.

Barron County Example

Annual Income from Timber (5 yr. average FY 1997-2001) - \$167,011

Expenditures (FY 2001) - \$ 88,238

*20% Payment to Forestry Fund (5 yr. ave. FY 1997-2001) - \$ 18,103 *No payments were due in 97 & 98 since

there was no balance due in

Account

**10% Payment to Towns (5 yr. ave. FY 1997-2001) - \$ 6,701 **Barron County

voluntarily pays

30% to towns but

only 10% as

required by law

was used

NET proceeds from Timber Sales to be distributed to taxable parcel holders - \$43,969

of Taxable Parcel Holders in Barron County (from Tax Lister) - 38,000

CREDIT FROM TIMBER SALES WHICH WOULD BE ATTRIBUTED TO EACH TAXABLE PARCEL HOLDER

* \$1.16 *

Lincoln County Example

Annual Income from Timber (5 yr. average FY 1997-2001) - \$ 775,040

Expenditures (FY 2001) - \$ 490,000

*20% Payment to Forestry Fund (5 yr. ave. FY 1997-2001) - \$ 15,024 *No payments were due in 97-00 since no balance due in Account

10% Payment to Towns (5 yr. ave. FY 1997-2001) - \$ 77,504

NET proceeds from Timber Sales to be distributed to taxable parcel holders - \$ 192,512

of Taxable Parcel Holders in Lincoln County (from Tax Lister) - 35,000

CREDIT FROM TIMBER SALES WHICH WOULD BE ATTRIBUTED TO EACH TAXABLE PARCEL HOLDER
* \$ 5.50 *

Statewide Totals (All 29 County Forests)

Annual Income from Timber (5 yr. average FY 1997-2001) - \$ 14,593,510

*Estimated expenditures (using acreage/expenditure ratio from) - \$ 11,394,000
(Lincoln, Barron and Juneau Counties)

20% Payments to Forestry Fund (5 yr. ave. FY 1997-2001) - \$ 1,267,397 (Payments only made if

balance due)

10% Payments to Towns (5 yr. ave. FY 1997-2001) - \$ 1,459,351

ESTIMATED NET PROCEEDS from Timber Sales to be distributed to taxable parcel holders - \$ 472,762

ESTIMATED # OF TAX. PARCELS IN 29 COUNTIES IN COUNTY FOREST SYSTEM - 500,000 TO 1,000,000

CREDIT FROM TIMBER SALES WHICH WOULD BE ATTRIBUTED TO EACH TAXABLE PARCEL HOLDER
** LESS THAN \$1 **

Labor expense in generating the "credit" would involve County Clerk's Office, County Treasurer's Office and each individual Town Clerk. Assumption that it will take the collective labor efforts of the above 15 seconds to process each transaction in the 29 counties. Average number of parcels per county assumed to be 30,000.
 $30,000 \times 29 = 870,000$ transactions at 4/minute = 3625 hours
 $3625 \text{ hours} @ \$28.00/\text{hr} (\$20/\text{hr plus } 40\% \text{ fringe}) = \$ 101,500$

Long-Range Fiscal Implications

There would be on-going workload for county staff in calculating the credit for each parcel holder. Accelerating land parcelization suggests this process would require more labor in the future. Losses in county revenues would need to be replaced in order to provide current services in the future.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Impact to Local Government only - Costs associated with software reprogramming, ordinance changes - Estimated \$5000			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
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		\$	\$101,500
NET CHANGE IN REVENUE		\$	\$-472,762
Agency/Prepared By		Authorized Signature	
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		Date	
		10/1/01	