

Fiscal Estimate Narratives
DNR 11/10/2009

LRB Number	09-1842/1	Introduction Number	AB-0530	Estimate Type	Original
Description Managed forest land being converted to agricultural land					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an additional exempt withdrawal from the Managed Forest Law (MFL) program for land that has an agricultural use and would provide a public benefit for access only if the land is open to public access while under the MFL program. The Department would be required to insure that the agricultural land use does not change to some other land use for the period of time the land would remain in the MFL program. If the land use changes, the Department is required to collect a withdrawal tax and fee for the time the land was enrolled in the MFL program and return the revenues to the local municipality and county.

Assumptions

In calendar year 2008, the Department found five cases of agricultural cropping on Managed Forest Law (MFL) lands totaling 169 acres. This acreage represents the current agricultural use of MFL even though landowners are aware that their agricultural use will likely result in removal from the MFL program and payment of a withdrawal tax and fee. Using a combination of estimates and actual withdrawal tax data the total amount of withdrawal tax for these five cases is \$43,845.

The Department assumes that the removal of the withdrawal tax and fee for agricultural cropping would result in a tenfold increase in exempt withdrawals as landowners convert forest land to agriculture.

State Government Impact

A fee of \$300 is assessed against each MFL withdrawal. Assuming 50 withdrawals per year (5 withdrawals x tenfold increase = 50 withdrawals), state withdrawal fees would decrease by \$15,000 (50 withdrawals x \$300/withdrawal = \$15,000).

Local Government Impact

AB 530 would impact local government revenue by eliminating the withdrawal tax for lands withdrawn as a result of AB 530. Using the aforementioned assumptions, local governments may lose \$439,400. This figure is obtained by using the withdrawal tax average per acre from the 169 acres of agricultural use withdrawals from 2008 and multiplying it tenfold to arrive at a total of 1690 acres. The average withdrawal tax per acre equals \$260 per acre (\$43,845 divided by 169 acres = \$260/acre). The estimated withdrawal tax for the 1690 acres would be \$439,400 (1690 acres x \$260/acre = \$439,400).

Long-Range Fiscal Implications

Continued annual loss of revenue for local municipalities.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Managed forest land being converted to agricultural land			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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			-15,000
TOTAL State Revenues	\$		\$-15,000
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-15,000		-\$439,400
Agency/Prepared By		Authorized Signature	Date
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