

Fiscal Estimate - 2009 Session

Original Updated Corrected Supplemental

LRB Number **09-4374/1** Introduction Number **SB-590**

Description

Petitions and management plans for the designation of managed forest land; transferrals of ownership of managed forest land; establishing stumpage values, filing cutting reports, and estimating withdrawal taxes under the managed forest land program; signatures and authentication requirements for orders under the forest croplands program; granting rule-making authority; making an appropriation; and providing a penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
 - Increase Existing Revenues
 - Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
 - Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs
 - 2. Decrease Costs
 - 3. Increase Revenue
 - 4. Decrease Revenue
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts
- Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR FED PRO PRS SEG SEGS 20.370 (1)(mv)

Agency/Prepared By

Authorized Signature

Date

DNR/ Joe Polasek (608) 266-2794

Joe Polasek (608) 266-2794

3/16/2010

Fiscal Estimate Narratives

DNR 3/16/2010

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Assumptions Used in Arriving at Fiscal Estimate

The bill streamlines the administration of the Managed Forest Land (MFL) program by creating one application date, providing a process to get a withdrawal tax estimate, eliminating the creation of stumpage values through the rulemaking process, and clarifying language and internal management processes.

FISCAL IMPACT. The bill's proposed changes to the MFL program include the following:

Changes terminology by substituting the words "applicant" and "application" for "petitioner" and "petition." This change in terminology will make it easier for the public to understand the MFL program and to know who and what they will have to do if they are applying for the program. This change will have no fiscal impact.

Changes deadline for owners to file applications to renew MFL orders and change in the dates before which DNR must act on applications. This change will eliminate the current March 31, July 1 and May 15 deadlines and create a June 1 deadline. Fiscal impacts will be minimal and involve a one-time cost of printing new applications and the staff time needed to redesign and approve the new form. DNR prints 8,000 applications annually, so the one-time cost of printing new applications will be \$1,085. The Department assumes that 20 hours of staff time will be needed to create and approve the application, and that most of the work will be done by LTEs, resulting in a total one-time staff cost of \$360.

Ch. NR 46, Wis. Admin. Code will need revision after this bill becomes effective to comply with state statutes. Part of the NR 46 changes will define the conditions needed for landowners to show that services of a private certified plan writer are not readily available before DNR will be allowed to prepare a management plan.

There will be minimal fiscal impact to implement these changes. There will be staff time associated with updating NR 46, Wis. Admin. Rule and the Forest Tax Law Handbook. The Department estimates that 80 hours of staff time will be needed to make these changes, resulting in one-time staff costs of \$2,760 (80 hrs x \$34.50/hr.).

Requires that the Department of Natural Resources and the Department of Revenue provide a withdrawal tax estimate for landowners. Under the bill, landowners would be able to request a withdrawal tax estimate through the Department of Revenue with assistance from the Department of Natural Resources. This bill establishes a non-refundable fee of \$100 or \$5.00 per acre or partial acre for calculating a withdrawal tax estimate. The withdrawal tax estimate fee will be payable to the Department of Revenue.

The Department of Natural Resources costs associated with withdrawal tax estimates include the cost of preparing and printing the forms. Roughly 20 hours of staff time would be used to prepare and approve the withdrawal tax estimate request form, resulting in one-time costs of \$690 (20 hrs. x \$34.50/hr.). Printing of the new forms will cost roughly 3 cents per sheet, resulting in one-time printing costs of \$60 for 2000 forms [2,000 x \$0.03].

Eliminates the requirement that stumpage values used to determine the amount of yield taxes under the forest tax law programs be established in rule. This proposal would allow for stumpage values to be created through DNR policy rather than through administrative rule. The Department estimates that 117 hours of staff time are spent annually on developing stumpage rate determinations through the rulemaking process. Although the proposed changes would eliminate the need to appear before the Natural Resources Board and to seek legislative approval of rule changes, the Department would use the same process to gather stumpage values, hold public hearings, revise stumpage values based on the hearings and publish the

results. Therefore, DNR will not incur increased costs to implement this provision.

Provides the ability to have electronic signatures printed on Forest Crop Land (FCL) transfers and withdrawals. Currently all FCL orders require original signatures from Department staff. This change would allow for electronic signatures to be inserted on the documents. There will be minimal fiscal impacts related to implementing this change since the infrastructure to implement this change is already available. Roughly 8 hours of staff time will be needed to change the DNR computer software program to allow electronic signatures on Forest Crop Law documents at an estimated one-time cost of \$276 (8 hours x \$34.50 per hour of staff time).

Clarifies wording to insure that proposed cutting on Managed Forest Law lands must conform to the management plan and be consistent with sound forestry practices. This change does not have a fiscal impact.

Clarifies the dates when yield tax payments are due for landowner payment. This change does not have a fiscal impact.

Clarifies that the buyer is responsible for notifying the Department on transfer of MFL lands and for paying the transfer fee. This change will eliminate the need for the seller to submit a notice to the Department that they have sold MFL lands. There is no fiscal impact associated with this change.

Creates a penalty for failure to file a cutting report. This change allows for the same penalties that applies to people who file false cutting reports would also apply to people who fail to file any cutting report. This provision will have little fiscal impact on the state and will be limited to the time associated with processing the penalty

Creates a requirement for disclosure of MFL lands to prospective buyers. This change requires landowners to disclose to prospective buyers lands enrolled in the MFL program when contracts of sale or options to purchase had been made. Fiscal impacts will be limited to changing real estate transfer forms to include the new requirement.

In summary, the Department estimates that it will incur one-time costs totaling \$5,231 to implement this bill, which includes \$3,726 for 108 hours of permanent staff time (108 hrs. x \$34.50 = \$3,726), \$360 for 20 hours of LTE staff time, and \$1,145 for printing costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$5,200 related to revising NR 46, Wis. Admin. code, and developing and printing new forms			
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, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	3/16/2010