

Fiscal Estimate Narratives

DOR 2/15/2018

LRB Number	17-5425/1	Introduction Number	SB-803	Estimate Type	Original
Description eligibility for managed forest land program					

Assumptions Used in Arriving at Fiscal Estimate

Current law allows a landowner to enroll qualified forest acres into the Managed Forest Law (MFL) program for a 25 or 50 year period. The landowner designates the property as open or closed for public recreation, such as hunting, fishing, or hiking.

Under current law, MFL land is exempt from property taxes. In lieu of property tax payments, the Department of Natural Resources makes annual payments of \$0.20 per MFL enrolled acre to the municipality where the land is located. Landowners also make acreage share payments, which were recalculated in 2017 for use in 2018 through 2022. Open land MFL rates are \$0.74 per acre for land entered before 2005, and \$2.04 per acre for land entered after 2005. The closure fee rates are \$1.01 per acre for land entered before 2005 and \$8.16 per acre for land entered after 2005. The combined open and closure fees are \$1.75 per acre for land entered before 2005 and \$10.20 per acre for land entered after 2005. The municipality retains 80 percent of the payments and remits 20 percent to the county.

Under the bill, MFL eligibility requires that a parcel is owned by a person whose principal dwelling is located in Wisconsin or a business entity whose principle business is located in Wisconsin. A parcel owned in whole or in part by a person whose principal residence is not located Wisconsin is ineligible for the MFL program. The requirements under the bill apply to new MFL applications and renewals.

The local fiscal effect is indeterminate as the Department of Revenue has no ownership data available for the MFL program. In 2017, the MFL program enrolled approximately 3.3 million acres with an assessed value of \$6.5 billion; productive forest land had an average net tax levy of \$40 per acre or \$709 per parcel.

Under the bill, MFL land owned in whole or in part by non-residents could not be renewed upon the expiration of the current contract. The land would likely shift into the productive forest land classification and be taxed at full value. A closed 30 acre parcel now under MFL would have acreage share payment of approximately \$306 versus a net property tax assessment of approximately \$1,200. Property tax assessments would vary by location, with some higher and lower than the state average.

Long-Range Fiscal Implications