

1 **AN ACT** *to amend* 77.84 (2) (am), 77.84 (2) (bm), 77.88 (5) (a) 1., 2. and (b) 1. and 2.
 2 and 77.89 (2) (b); and *to create* 77.81 (5m), 77.81 (7), 77.84 (2) (d) and (e) and
 3 77.89 (2) (c) of the statutes; **relating to:** the taxation of managed forest land.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This draft was prepared for the Joint Legislative Council’s Special Committee on Review of the Managed Forest Land Program.

TAXATION OF MANAGED FOREST LAND

Except as provided under the managed forest land (MFL) program, no tax may be levied on managed forest land, except that any building on the land is subject to taxation as personal property under ch. 70, stats.

MFL Orders Effective Prior to April 28, 2004

Each owner of managed forest land must pay to the municipal treasurer an acreage share on or before January 31. Originally, this acreage share was \$.74 per acre. In addition to this amount, each owner was required to pay \$1 for each acre that is designated as closed under s. 77.83, stats.

Beginning in 1992 and in each 5th year thereafter, the department of revenue (DOR) adjusts the amounts of tax by multiplying the original acreage shares specified by a ratio using as the denominator the DOR’s estimate of the average statewide tax per acre of property classes under s. 70.32 (2) (b) 4., 5., and 6., 1993 stats. (agricultural, swamp, or waste and productive forest land), for 1986 and, as the numerator, the DOR estimate of the average tax per acre for the same classes of property for the year in which the adjustment is made. Based on this adjustment, the current acreage share is \$.67 per acre of open land and \$1.57 per acre of closed land. [s. 77.84 (2) (c), stats.]

MFL Orders Effective on or After April 28, 2004

For managed forest land orders that take effect on or after April 28, 2004, each owner of managed forest land must pay to each municipal treasurer, on or before January 31, an amount equal to 5% of the average statewide property tax per acre of property classified as productive forest land under s. 70.32 (2) (a) 6., stats., for each acre of managed forest land.

In addition to this amount, each owner must pay to each municipal treasurer, on or before January 31, an amount equal to 20% of the average statewide property tax per acre of property classified as productive forest land under s. 70.32 (2) (a) 6., stats., for each closed acre of managed forest land.

In 2004, 2007, and each 5th year thereafter, DOR is required to determine the average statewide tax per acre of productive forest land by multiplying the average equalized value of productive forest land by the average tax rate determined under s. 76.126, stats. Based on this determination, the current acreage share is \$1.67 per acre of open land and \$8.34 per acre of closed land. [s. 77.84 (2) (cm), stats.]

This draft specifies new calculations for the closed land acreage shares for managed forest land orders that take effect on or after the effective date of the draft. Under the draft, owners of closed land under new managed forest land orders would pay the greater of the following:

- The acreage share applicable to MFL orders that take effect on or after April 28, 2004.
- A total of 25 percent of the full value of the closed managed forest land times the full value effective rate of taxation applicable to general property in the same taxation district as the closed managed forest land.

DISTRIBUTION OF MONEYS RECEIVED

No later than June 30 of each year, the department of natural resources (DNR) must pay 100% of each payment received under s. 77.84 (3) (b) (delinquency payments), 77.87 (3) (yield tax), or 77.88 (7), stats. (withdrawal tax), to the treasurer of the municipality in which the land is located. [s. 77.89 (1), stats.]

Additionally, the DNR must pay before June 30 annually the municipal treasurer, from the appropriation under s. 20.370 (5) (bv), stats., \$.20 for each acre of land in the municipality that is designated as managed forest land and for each acre of tribal land in the municipality that has been withdrawn from the MFL program under s. 77.885, stats., but for which payments under s. 77.84 (2), stats., are being made. [s. 77.85, stats.]

Each municipal treasurer must pay 20% of each payment received from the DNR or directly under ss. 77.84 (2) (a) and (am) (payment for closed land), 77.85 (state contribution for managed forest land acreage), and 77.876, stats. (noncompliance assessments), to the county treasurer and must deposit the remainder in the municipal treasury. The payment to the county treasurer for money received before November 1 of any year must be made on or before November 15 after its receipt. For money

received on or after November 1 of any year, the payment to the county treasurer must be made on or before November 15 of the following year. [s. 77.89 (2) (a), stats.]

The municipal treasurer also must pay to the county treasurer all amounts received under s. 77.84 (2) (b) and (bm), stats. (payment for closed land). The county treasurer must, by June 30 of each year, pay all amounts received under this provision to the DNR. All amounts received from the DNR must be credited to the conservation fund and reserved for land acquisition, resource management activities, and grants for land acquisition for outdoor activities. [s. 77.89 (2) (b), stats.]

This draft modifies the distribution of moneys received by local units of government in connection with the MFL program. Under the draft, 20% of MFL payments for closed acreage received by a municipal treasurer would be paid to the DNR. Forty-eight percent of the closed acreage managed forest land payments received by a municipal treasurer (equivalent to 60% of the amount remaining after payment to the DNR) would be paid to the county. From the closed acreage payments received by a county, the county must spend five-sixths of the amount received to acquire by purchase, lease, easement, or other agreement land that is open to public recreational use, as defined in s. 77.895, stats., except that a county with 40% or more of its total area consisting of public access lands may elect to expend the reserved amount on activities to improve resource management, including forest growth, forest health, fish habitat, wildlife habitat, and watershed protection.

1 **SECTION 1.** 77.81 (5m) of the statutes is created to read:

2 77.81 (5m) “Public access land” means any of the following:

- 3 (a) Land owned by the department.
- 4 (b) Land owned by the U.S. Forestry Service.
- 5 (c) Land owned by a county.
- 6 (d) Land that is open under s. 77.83 (2).

7 **SECTION 2.** 77.81 (7) of the statutes is created to read:

8 77.81 (7) “Taxation district” has the meaning given under s. 70.114 (1) (e).

NOTE: Under s. 70.114 (1) (e), “taxation district” means a city, village or town, except that if a city or village lies in more than one county, the

portions of that city or village that lie within each county are separate taxation districts.

1 **SECTION 3.** 77.84 (2) (am) of the statutes is amended to read:

2 77.84 (2) (am) For managed forest land orders that take effect on or after April 28, 2004,
3 and before [insert effective date], each owner of managed forest land shall pay to each
4 municipal treasurer, on or before January 31, an amount that is equal to 5 percent of the average
5 statewide property tax per acre of property classified under s. 70.32 (2) (a) 6., as determined
6 under par. (cm), for each acre of managed forest land.

7 **SECTION 4.** 77.84 (2) (bm) of the statutes is amended to read:

8 77.84 (2) (bm) For managed forest land orders that take effect on or after April 28, 2004,
9 and before [insert effective date], in addition to the payment under par. (am), each owner of
10 managed forest land shall pay to each municipal treasurer, on or before January 31, an amount
11 that is equal to 20 percent of the average statewide property tax per acre of property classified
12 under s. 70.32 (2) (a) 6., as determined under par. (cm), for each acre that is designated as
13 closed under s. 77.83.

14 **SECTION 5.** 77.84 (2) (d) and (e) of the statutes are created to read:

15 77.84 (2) (d) Except as provided in par. (e), for managed forest land orders that take
16 effect on or after [insert effective date], each owner of managed forest land shall pay to each
17 municipal treasurer on or before January 31, an amount equal to the amount calculated under
18 par. (am).

19 (e) For managed forest land orders that take effect on or after [insert effective date], each
20 owner of managed forest land that is closed under s. 77.83 shall pay to each municipal treasurer
21 on or before January 31, an amount equal to the greater of the following:

22 1. The amount calculated under both of the following:

1 a. Paragraph (am).

2 b. Paragraph (bm).

3 2. The sum of the following:

4 a. Five percent of the full value of the managed forest land that is closed under s. 77.83,
5 times the full value effective rate of taxation applicable to general property in the same
6 taxation district as the managed forest land.

7 b. Twenty percent of the full value of the managed forest land that is closed under s.
8 77.83, times the full value effective rate of taxation applicable to general property in the same
9 taxation district as the managed forest land.

NOTE: This SECTION modifies the calculation of acreage shares for closed acreage under new managed forest land orders. Acreage that is open under new managed forest land orders would remain subject to the same acreage shares that apply to orders that take effect after April 28, 2004.

10 **SECTION 6.** 77.88 (5) (a) 1., 2. and (b) 1. and 2. of the statutes are amended to read:

11 77.88 (5) (a) 1. An amount equal to the past tax liability multiplied by the number of
12 years the land was designated as managed forest land, less any amounts paid by the owner
13 under ss. 77.84 (2) (a) ~~and (am), (d) and (e) 1. a. or 2. a.,~~ and 77.87.

14 2. Five percent of the stumpage value of the merchantable timber on the land, less any
15 amounts paid by the owner under ss. 77.84 (2) (a) ~~and (am), (d) and (e) 1. a. or 2. a.,~~ and 77.87.

16 (b) 1. An amount equal to the past tax liability multiplied by the number of years since
17 the renewal, less any amounts paid by the owner under ss. 77.84 (2) (a) ~~and (am), (d) and (e)~~
18 1. a. or 2. a., and 77.87.

19 2. Five percent of the stumpage value of the merchantable timber on the land, less any
20 amounts paid by the owner under ss. 77.84 (2) (a) ~~and (am), (d) and (e) 1. a. or 2. a.,~~ and 77.87.

NOTE: This SECTION updates cross-references used in the calculation of withdrawal taxes.

1 **SECTION 7.** 77.89 (2) (b) of the statutes is amended to read:

2 77.89 (2) (b) The municipal treasurer shall pay ~~all 48% of the~~ amounts received under
3 s. 77.84 (2) (b) ~~and (bm), and (e) 1. b. and 2. b.~~ to the county treasurer, as provided under ss.
4 74.25 and 74.30. The county treasurer shall, by June 30 of each year, pay ~~all 20% of the~~
5 amounts received under this paragraph to the department. ~~All amounts received by the~~
6 ~~department shall be credited to the conservation fund and shall be reserved for land~~
7 ~~acquisition, resource management activities, and grants under s. 77.895. The municipal~~
8 ~~treasurer shall deposit the remainder in the municipal treasury.~~

NOTE: The percentages specified in this paragraph have the effect of sending 20% of the total amounts received under s. 77.89 (2) (b), stats. (generally, closed acreage shares for managed forest land), to the department and sending 60% of the amount remaining to the counties. Directives on the use of the funds by the county are described below in par. (c).

9 **SECTION 8.** 77.89 (2) (c) of the statutes is created to read:

10 77.89 (2) (c) From the amounts received by a county under par. (b), five-sixths of the
11 amounts shall be expended by the county to acquire by purchase, lease, easement, or other
12 agreement land that is open to public recreational use, as defined in s. 77.895, except that a
13 county with 40% or more of its total area consisting of public access lands may elect to expend
14 the reserved amount on activities to improve resource management, including forest growth,
15 forest health, fish habitat, wildlife habitat, and watershed protection.

NOTE: This paragraph specifies that five-sixths of the amount a county receives under s. 77.89 (2) (b), stats. (generally, the county portion of the closed acreage shares), shall be expended to acquire land by purchase, lease, easement, or other agreement, unless a county meets a 40% threshold for ownership of public access lands, as defined above. If a county meets the public access threshold, it may also elect to spend the reserved amount on activities to improve resource management,

including forest growth, forest health, fish habitat, wildlife habitat, and watershed protection.

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(END)