



January 30, 2015

[TO: Individual members of Joint Finance Committee including: Senators Darling, Olsen, Harsdorf, Vukmir, Tiffany, Marklein, Taylor, Erpenbach and Representatives: Nygren, Kooyenga, Knudson, Loudonbeck, Schraa, Czaja, Taylor, Hintz]

RE: Ban on leasing woodland in MFL and WI woodland taxes

Dear [Joint Finance Committee]:

We are writing to ask for help so that Wisconsin landowners who grow timber for our State's timber products industry can continue to do so. Actions we hope you consider during your deliberations relate to: 1) a prohibition on how our land is used and 2) reducing our property taxes which have skyrocketed over the past 20 years.

1) We request that you consider rescinding the ban on leasing of woodlands enrolled in the Managed Forest Law.

When Act 30 was signed in 2007, landowners of over 2 million acres of forest land enrolled in the Managed Forest Law (MFL) were abruptly informed by the DNR that they could no longer lease their lands for recreational purposes. This revenue source was one which many relied upon to carry them through between harvests.

Then, landowners were told they had no recourse to this action. They were not allowed to withdraw from the program. They believed they had signed a "contract" with the State of Wisconsin similar to the ones signed when entering various federal land programs, while the State viewed this as an agreement, not a contract. Landowners are subject to rules that may change at any time with no option to withdraw from the agreement.

The inability to receive income between harvests has left many of landowners with broken business plans. This, along with other regulatory and tax law changes has made the growing of trees a losing business opportunity. Because timber harvests occur only intermittently, after income from a timber sale is annualized and the yearly management and property tax expenses deducted, **privately-owned productive woodlands typically generate a net loss for the owner.**

Please consider taking this small first step by rescinding this egregious action passed into law under a previous administration.

2) We request that a better balance be found between the property taxes paid on timber lands as compared to those paid on other agricultural lands.

Property taxes on productive forest lands have **risen 434 percent** in the past 20 years. This is a huge incentive for private forest owners to convert their land to other uses, such as other agriculture or development.

The State's \$20 billion forest products industry and its 68,000 jobs are reliant on timber harvests from these forests. More than 64 percent of the raw materials used by the industry come from the privately-owned woodlands of Wisconsin.

Land Classification	Net tax per acre				% change
	1995/96	2000/01	2005/06	2013/14	1995-2014
Agricultural land	\$15.23	\$8.28	\$3.00	\$3.32	- 78%
Forest land	\$7.78	\$12.90	\$10.36	\$33.75	+ 434%

An analysis of rural property taxes has shown that while taxes on other classes of agricultural land have fallen steadily in the past 18 years, taxes on productive forestland have risen dramatically.

Although the MFL has provided some property tax relief in the past, its tax rate (along with many new regulatory requirements) has **increased over 500% since 2004**. Although the current MFL rate of \$10.68/acre provides some tax relief, that level still makes it difficult to justify owning timber land as a business.

Of this \$10.68/acre tax, only \$2.14/acre goes back to local Wisconsin communities. The remainder, \$8.54/acre, is a state tax that goes into the state's Forestry Account. The question begs: **"Why is the State of Wisconsin placing a special state tax on woodlands?"** These special surcharges are not paid on other agricultural lands, so why on timber land?

Woodland property tax reform is an important part of keeping Wisconsin's forest products industry and its woodlands healthy and sustainable. We at the **Wisconsin Alliance of Forest Owners** hope you'll help us to re-establish fair and equitable taxes for the state's private woodland owners.

Sincerely,



Doug Duren
Wisconsin Alliance of Forest Owners

Enclosures (2)
cc: Joint Finance Committee

DD/kk

For county-by-county tax data and tools for assessing your property tax bill, visit the WAFO website at www.wiafo.org, call WAFO at (608) 218-4789, or email WAFO at info@wiafo.org.