

Wisconsin Alliance of Forest Owners

Understanding your Property Tax, the MFL and other Tax Options

My Wisconsin Woods
September 2015

Wisconsin Alliance of Forest Owners

**A lobbying organization established to advocate
for equitable taxes and regulatory treatment of
privately owned forest lands**

You need to know ...

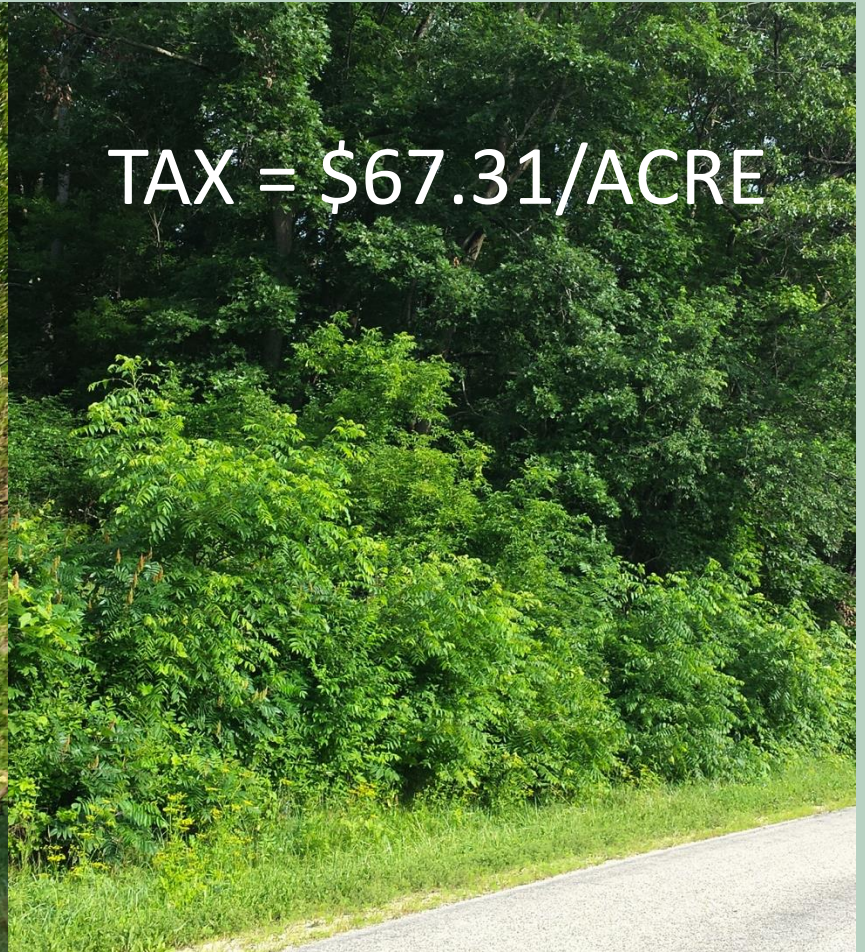
Taxation of rural
Wisconsin property is
not uniform.

and you need to know.....

How your land is
classified for property
tax purposes.

Town of Clyde, Adjacent Lands

Pasture \$1.26/acre/ Forest \$67.31/acre



Taxes = \$315

Burnett County, WI
Geographic Information Web Server

Main

Layers | Legend | Links | Search | Help

OV Map | Zoom Full | Zoom Last | Zoom In | Zoom Out | Pan | Navigation | Identify | Parcel Info | Print | Clear

Search Again
Displaying 1 - 1 of 1 records.
(Maximum results returned: 500)
Records in red indicate delinquent taxes.

Parcel ID	Acres	Year
07-008-2-38-14-17-4 02-000-011000	40.0	2010
ALGER, LORRAINE		

Select all on page

Active Tool: Pan | Active Layer: Parcels | Zoom to Scale 1 = 0 feet | Driven by WebGUIDE³

4:58 PM 1/18/2012

Taxes = \$1,017

Burnett County, WI
Geographic Information Web Server

Main

Main

OV Map Zoom Full Zoom Last Zoom In Zoom Out Pan Navigation Identify Parcel Info Print Clear


17 DEWEY 16

TOWN HALL RD

0 267ft 0 0.04mi

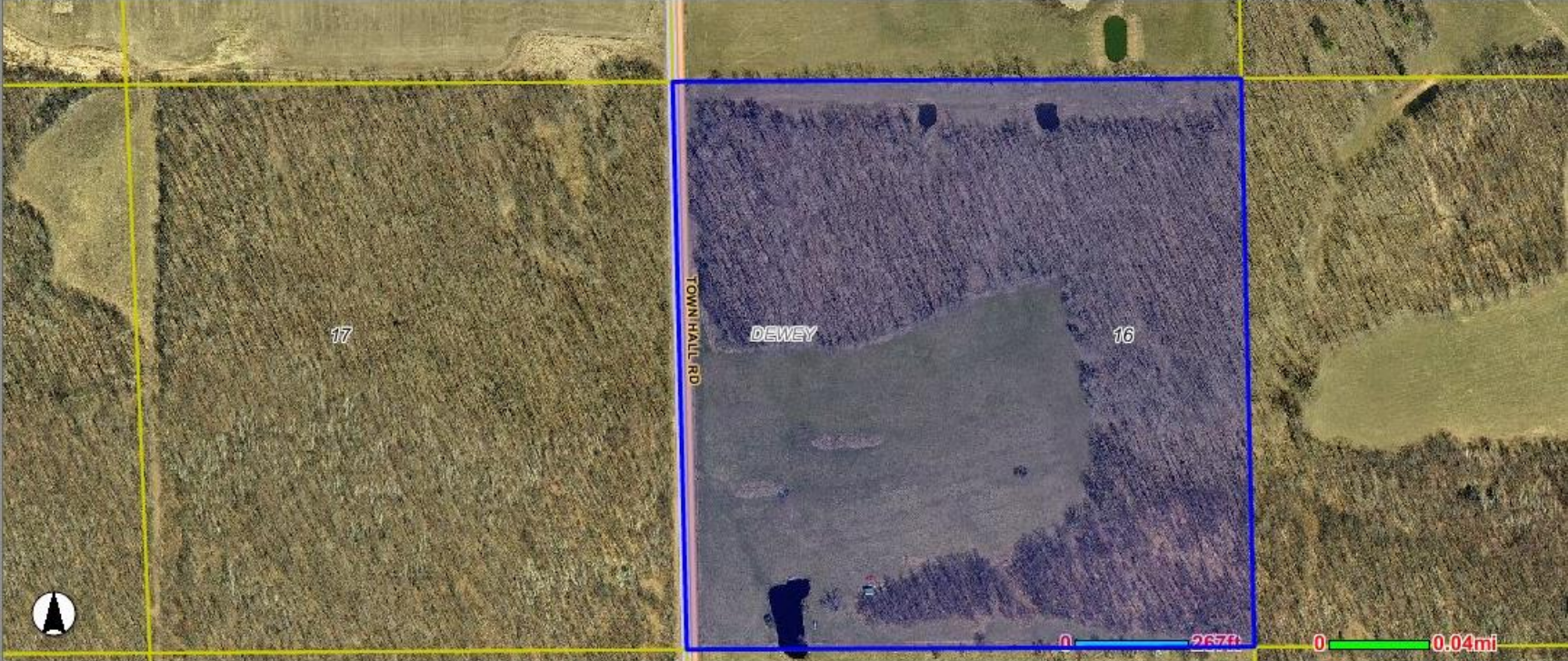
Active Tool: Pan Active Layer: Parcels Zoom to Scale 1 = 0

Taxes = \$39

 **Burnett County, WI**
Geographic Information Web Server Main

Main



OV Map Zoom Full Zoom Last Zoom In Zoom Out Pan Navigation Identify Parcel Info Print Clear



17 DEWEY 16

TOWN HALL RD

0 0.04mi

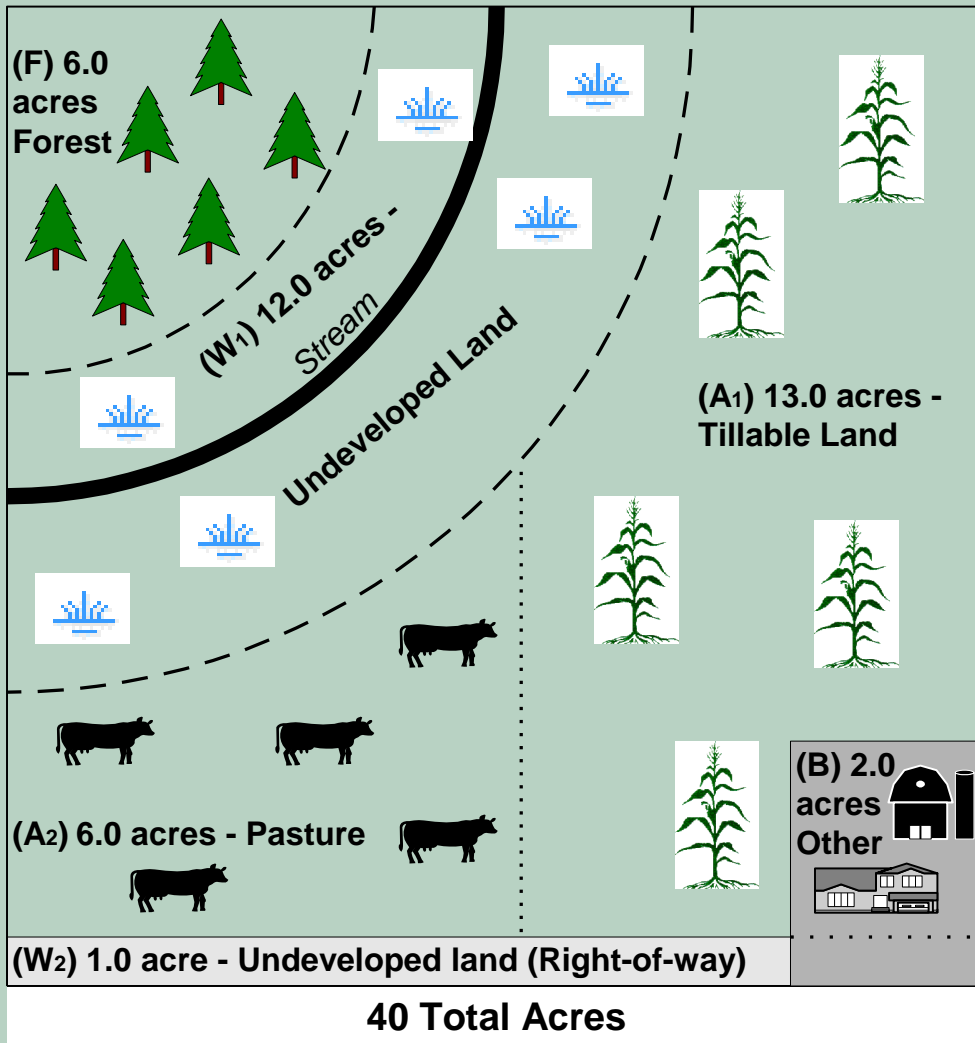
Active Tool:  Pan Active Layer:  Parcels Zoom to Scale 1 = 0

So why are the property
taxes so different?

Property Tax Assessment Classifications

1. Residential
2. Commercial
3. Manufacturing
4. Agricultural -- Use Value
5. Undeveloped – 50% of Fair Market
6. Agricultural Forest – 50% of Fair Market
7. Productive Forest Land
8. Other

Example From Assessors Manual



Land Use	Acres
(F) Forest	6.0
(Assessed at full fair market value)	
(A) Agricultural	19.0
Tillable Land	13.0
Pasture	6.0
(Assessed at Use-Value)	
(B) Other	2.0
(Assessed at full fair-market value)	
(W) Undeveloped	13.0
Lowland	12.0
Right-of-Way	1.0
(Assessed at 50% of full value)	

Real Estate Property Tax Bill

STATE OF WISCONSIN
REAL ESTATE PROPERTY TAX BILL FOR 2010
 TOWN OF DEERFIELD
 WAUSHARA COUNTY

BILL NO. 43
 Correspondence should refer to parcel number
PARCEL#: 010-00231-0000
ALT. PARCEL #: 690102190902310000

Assessed Value Land	Ass'd Value Improve	Total Assessed Value	Ave. Assmt. Ratio	Est. Fair Mkt. Land	Est. Fair Mkt. Improve	Total Est. Fair Mkt.	<input type="checkbox"/> A star in this box means unpaid prior year taxes
	PFC/MFL	104,000	1.0004		PFC/MFL	104,000	
Taxing Jurisdiction	2009 Est. State Aids Allocated Tax Dist.	2010 Est. State Aids Allocated Tax Dist.	2009 Net Tax	2010 Net Tax	% Tax Change	Gross Property Tax First Dollar Credit Lottery Credit Net Property Tax	
STATE OF WISCONSIN					0.00		0.00
WAUSHARA COUNTY	34,746	35,142			0.00		
TOWN OF DEERFIELD	111,159	114,192			0.00		
TRI-COUNTY AREA SCHOOL	504,179	538,204			0.00		
MID-STATE VTAE DIST	16,244	15,011			0.00		62.80
Total	666,328	702,549					
	First Dollar Credit Lottery & Gaming Credit Net Property Tax						
School taxes reduced by School levy tax credit	\$0.00	IMPORTANT: Be sure this description covers your property. This description is for property tax bill only and may not be a full legal description. 803/57 446/671 419/97 ACRES: 40.000 SEC 02, T 19 N, R 09 E NE1/4 SW1/4			Net Assessed Value Rate (Does NOT reflect credits) 0.016196615	TOTAL DUE FOR FULL PAYMENT PAY BY January 31, 2011 \$ 62.80 Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and, if applicable, penalty. Failure to pay on time. See reverse.	

SEE REVERSE SIDE FOR

RETAIN THIS
 PORTION AS
 YOUR COPY

Behind the Scenes: The Property Record

2010 Property Record
Burnett County, WI

Assessed values not finalized until after Board of Review
 Years in red have delinquent taxes

Data was last updated Apr 18 2012 6:15AM

2006 2007 2008 2009 **2010** 2011

<< >> Page 1 of 1

Owners	
Lorraine Alger	
No co-owners listed (Note: Co-owners shown only for latest tax year)	

Billing Address	
LORRAINE ALGER 22953 BAKKER RD SHELL LAKE WI 54871	

Property Information	
Parcel ID:	07-008-2-38-14-17-4 02-000-011000
Legacy ID:	008211702500
Tax ID:	3240
Map ID:	
School Districts:	TECH COLLEGE SCHL-SHELL LAKE
<u>Section</u>	<u>Township</u> <u>Range</u> <u>Qtr</u> <u>Section</u> <u>Qtr</u> <u>Section</u>
17	38N 14W SE NW
Plat Name:	

Property Description	
NW SE	
Property Address:	
Municipality:	TOWN OF DE

Deed Information	
<u>Volume/Page</u>	<u>Document #</u>
301B 586/642	
586/642	

Tax Information	
Net Tax Before Lottery and First Dollar Credits	315.25
Lottery Credit	.00
First Dollar Credit	.00
Net Tax After	315.25
	<u>Amt. Due</u> <u>Amt. Paid</u> <u>Balance</u>
Tax	315.25 .00 315.25
Special Assessment	.00 .00 .00
Special Charges	.00 .00 .00
Delinquent Charges	.00 .00 .00
Private Forest Crop	.00 .00 .00
Managed Forest Land (Open)	.00 .00 .00
Managed Forest Land (Closed)	.00 .00 .00
Property Tax Interest	.00 47.29

Land Valuation				
<u>Assessment Code</u>	<u>Acres</u>	<u>Land Value</u>	<u>Improvements</u>	<u>Total</u>
G8	20.000	18,000.00		18,000.00
G5	7.000	2,100.00		2,100.00
G4	13.000	2,000.00		2,000.00
	40.000	\$22,100.00	\$0.00	\$22,100.00
Total Acres:				40.000
Mill Rate:				0.014264188
Assessment Ratio:				1.0335
Fair Market Value				Use Value Assessment

LET'S GO ONLINE TO SEE HOW YOU
CAN FIND THIS INFORMATION.
RICHLAND COUNTY EXAMPLE:

<http://richlandcowi.wgxtreme.com/>

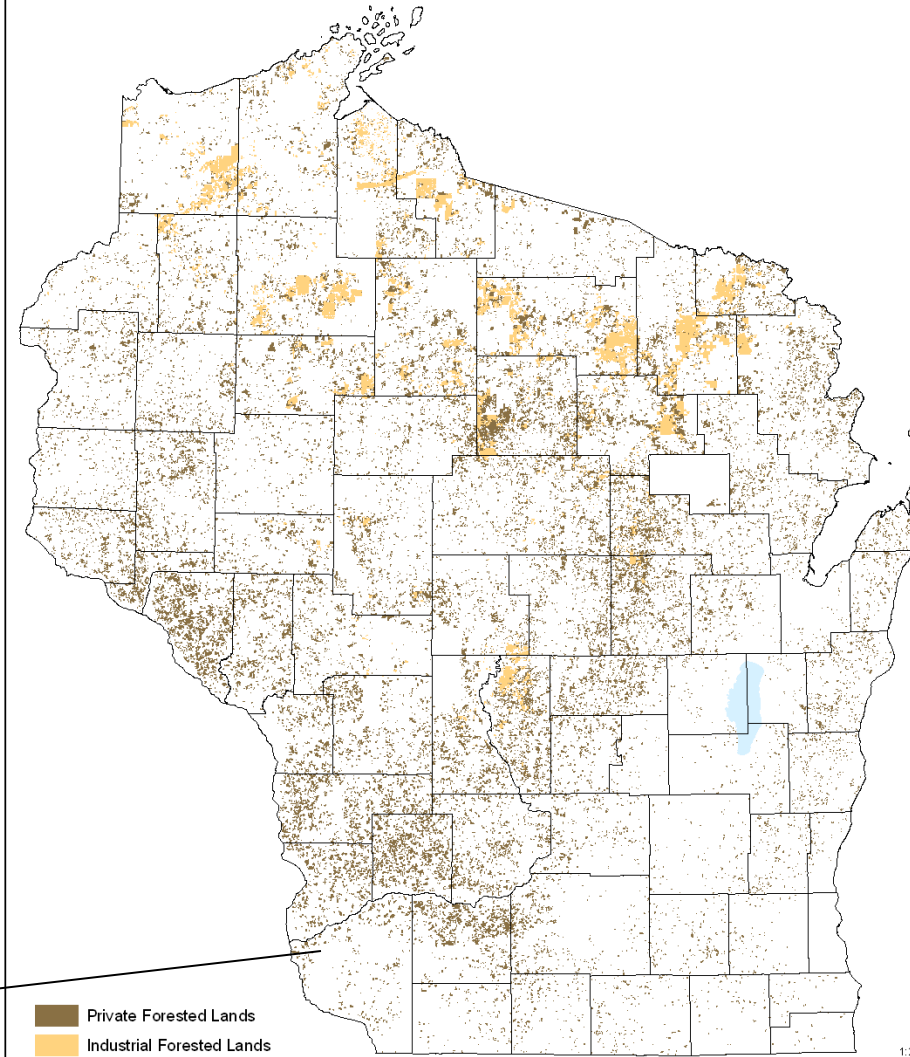
Town of Clyde

Land Use	Acres	Assessed Value	Tax/Acre
Agricultural Land	11,112	\$143.83	\$2.90
Agricultural Forest	2,804	\$1,900.00	\$33.65
Productive Forest	1,471	\$3,800.00	\$76.31
Undeveloped	889	\$376.60	\$5.81
MFL*	8,210	\$10.68	
Agricultural Land Breakdown			
Grade 1 Cropland		\$5.10	
Grade 2 Cropland		\$4.31	
Grade 3 Cropland		\$3.15	
Pasture		\$1.26	

MFL is expiring... What options do I have?



Forestland in Property Tax Incentive Programs



The data shown on this map have been obtained from various sources, and are of varying age, reliability, and resolution. This map is not intended to be used for navigation, nor is this map an authoritative source of information about legal land ownership or public access. No warranty, expressed or implied, is made regarding accuracy, applicability for a particular use, completeness or legality of the information depicted on this map.



WI Department of Natural Resources
Division of Forestry
September 22, 2009

Property Tax Situation

Fair Market Value = \$2400/acre, mill rate = \$19/\$1000

Possible Options For Different Classifications:

- 50 acres productive forest = \$2280 total annual tax
- 50 acres ag-forest = \$1140/yr
- 50 acres pasture = \$67/yr
- 50 acres MFL = \$525/yr



PASTURE THE 50 ACRES OF
WOODS AND PAY \$67
EACH YEAR?

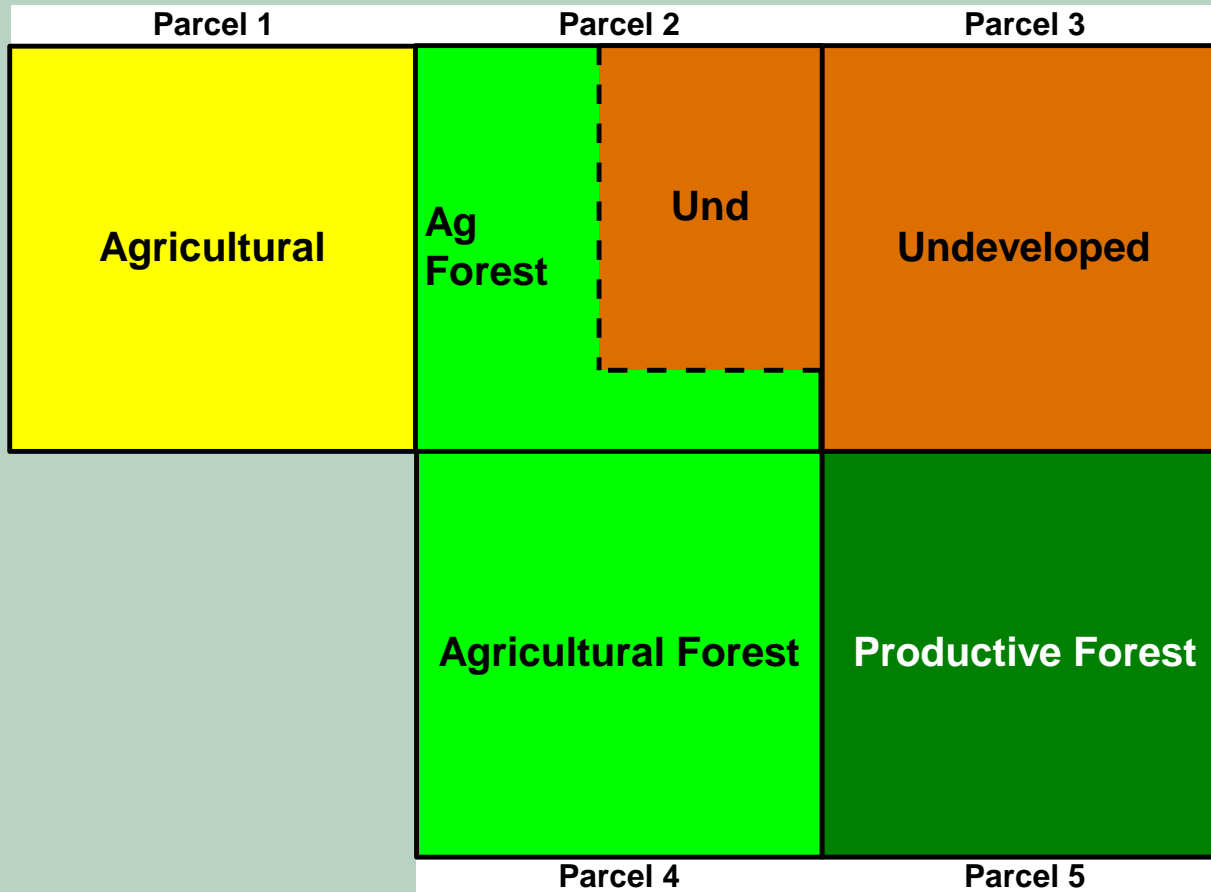
Is an Ag-Forest Classification Possible?

So what is Agricultural Forest Land?

- Forest land that is contiguous to a **parcel** that has been classified in whole as agricultural land. The forest land and the contiguous agricultural parcel must have the same owner.
- Forest land that is located on a **parcel** that contains agricultural land for the January 1, 2004 assessment, and on January 1 of the current assessment year.
- Forest land that is located on a **parcel** where at least 50 percent of the acreage was converted to agricultural land for the January 1, 2005, assessment year or thereafter.

AG – Forest Example, Scenario 6 of 19

DOR's Ag Assessment Guide for Property Owners



Agricultural Assessment Guide For Wisconsin Property Owners



Ag-Forest Option

Taxes = \$1140/yr vs. \$2280/yr

INITIAL COSTS

- One time cost of survey to establish a new (small) tax parcel to qualify as Ag-Forest - \$1200
- Develop a voluntary management plan - \$500

BENEFITS

- Maintain DNR/NRCS forestry assistance and cost sharing with the voluntary plan
- No yield tax on timber or special regulations to follow
- No constraints on sale of land or parcel splitting, and
- Potential lease of \$1000/yr.

What About the MFL?

Property Taxes Would Be \$525/yr... ..today*

***Rates change every 5 years**

MFL -- Additional Considerations

- Hire a consultant forester, develop a plan and pay entry fees - \$1000+
- No leasing or other income opportunities,
- Additional harvest restrictions,
- Yield tax on harvest - \$4000 (estimate),
- Loss of land splitting flexibility,
- Potential reduction in sale price,
- Significant penalty for withdrawal, and
- What will they do next?

TO TAKE YOUR ANALYSIS TO THE
NEXT LEVEL

LOOK AT LONG TERM RETURNS FOR
VARIOUS OPTIONS

Wooded Land Management: The Cost of Doing Nothing *or* Getting a Return on Investment

Paul Dietmann, Emerging Markets Specialist
Badgerland Financial
(608) 370-6956
Paul.dietmann@badgerlandfinancial.com

PPT AVAILABLE AT WWW.WAFO.ORG

Landowner scenario: 40 acres of average quality wooded land in Southwestern Wisconsin valued at \$100,000.

OPTIONS AND RETURN ON INVESTMENTS ARE:

A) Fence & pasture it to lower the property taxes, harvest low-average quality timber in 15 years -- Return on Investment = 3.33%

B) Clear-cut, fence, and pasture it -- Return on Investment = 2.20%

C) Do nothing, pay the taxes and in 15 years, harvest 1/3 of the timber at average quality -- Return on Investment = 1.92%

D) Develop a forest management plan, enroll in MFL, actively manage for timber stand improvement and in 15 years, harvest 1/3 of the timber at good quality -- Return on Investment = 4.87%

E) Develop & implement a forest management plan. Don't enroll in MFL. Lease out the hunting rights. -- Return on Investment = 4.86%

The MFL

Changes Are Needed
to Keep it Relevant



YOU CAN HUNT HERE
BUT I NEED YOU TO FIX
FENCES FIRST

ISSUE 1

RESTORE THE ABILITY FOR
LANDOWNERS TO RECEIVE INCOME
OR HELP WITH CHORES IN
EXCHANGE FOR PRIVILEGES TO USE
THE LAND

Longer Term Goals:

Trees are An Agricultural Crop. Should you be penalized with higher property taxes?



**Wisconsin
Alliance of
Forest Owners**

promoting healthy & productive woodlands

WISCONSIN ALLIANCE OF FOREST OWNERS

WE NEED YOUR HELP

**TO ACHIEVE EQUITABLE TAX AND REGULATORY TREATMENT
OF PRIVATELY OWNED FOREST LANDS**

WWW.WAFO.ORG

THANK YOU

WAFO LEGISLATIVE PRIORITIES

ISSUE 1

Leasing. Reinstating the ability of landowners in MFL to once again **lease their lands, which provides controlled public access for recreation and hunting.** Many landowners entered their lands into MFL with the understanding that they could lease their lands to obtain supplemental income between harvests. When the leasing ban was placed in the budget in 2007, business plans that included leasing were destroyed. No other rural agricultural or other land program requires giving up this basic property right.

THE MANAGED FOREST LAW: DO I WANT TO ENROLL MY PROPERTY?

*The program has changed and the decision on whether or not to commit
to another 25 years is not as easy as it once was.*

A Landowners Decision Making Guide on the MFL, Sept. 2015

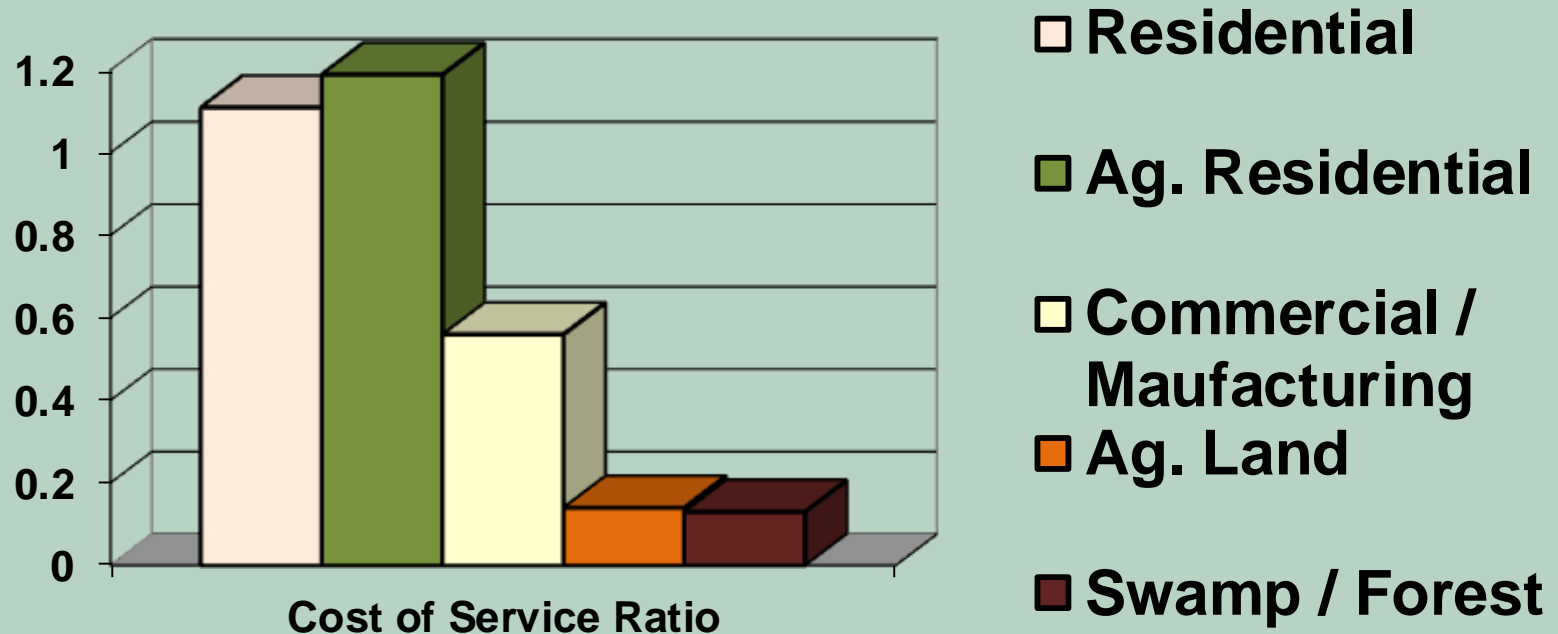
Available at the Landowners Section at www.wafo.org

A LANDOWNER'S GUIDE TO UNDERSTANDING YOUR PROPERTY TAX BILL

**Learn how your land is taxed and what options you have
to reduce your taxes**

Available at the Landowners Section at www.wafo.org

Cost of Community Services (FY96)



Ratio of greater than 1 indicates a particular land use costs more than the revenue it provides. A ratio of less than 1 indicates a land use provides more revenue to a community than it requires in costs of public services.

Source, Mary Edwards, et al. 2000. *Paying for Local Services: The Cost of Community Services for Nine Wisconsin Communities*. WI: Wisconsin Land Use Research Program

Costs to Municipalities to Service Forest Land

Police – Trespassing response?

Fire – Yes, but significant state contributions

Roads – Periodic harvests and access for mgmt.

COSTS - \$2 per acre?

MFL - \$11/acre -- A Big Tax Break....or....

Reduction in Subsidy