



WISCONSIN WOODLAND OWNERS ASSOCIATION

Educating, informing, and engaging
Wisconsin's woodland owners since 1979

WWOA Briefing Paper #2

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Property taxes promote destruction of productive forests

Current Wisconsin property tax disparities encourage landowners to harm Wisconsin's forest resource, decreasing both current availability of raw materials for the state's forest products industry and prospects for sustainable timber production in the future.

As an example, three immediately adjacent and similar, 40-acre wooded parcels in the Township of Dewey in Burnett County are taxed quite differently.

<u>Parcel ID#</u>	<u>Classification</u>	<u>Assessment Ratio</u>	<u>2010 Property Tax Bill</u>
07-008-2-38-14-17-4	Agricultural Forest (20 acres) taxed at 50% of fair market value Undeveloped (7 acres) taxed at 50% of fair market value Cropland (13 acres) taxed at use-value rates		\$315
07-008-2-38-14-17-4	Productive Forest (40 acres) taxed at full market value		\$1017
07-008-2-38-14-16-3	Pasture (39 acres) taxed at use-value pasture rates Undeveloped (1 acre) taxed at 50% of full market value		\$39

In this typical example, **productive woodlands are taxed at 26 times the rate of the pastured woodland parcel immediately adjacent to it.** There is a large incentive for landowners to turn livestock into the woods, not only decreasing tree productivity but also significantly reducing the environmental benefits healthy woodlands provide. On the other hand, a landowner could turn part of his wooded parcel into cropland, to drop his taxes (in this case) by more than two-thirds.

SO YOU WANT TO GROW TREES?

PARCEL 1
Tax = \$315

PARCEL 2
Tax = \$1017

PARCEL 3
Tax = \$39



13 acres crops @
Grade 2 use value rate

7 acres wetland @
Undeveloped tax rate
of 50% FMV

20 acres woodland @
Agricultural Forest
50% FMV

ADDITIONAL **BENEFITS**

\$7.50/ac farmland
preservation credit.

Reduced state income
tax on cropland profits.

40 acres Productive
Forest @ 100% FMV

LANDOWNER **OPTIONS**

- Pasture cattle
- Get new tax
parcel and
pasture. Then
50% Ag Forest
tax rate on
woods.
- Enroll in MFL
pay \$11/acre.
5% yield tax on
timber harvest.

39 acres pasture @ use
value Pasture rate

1 acre Undeveloped @
50% FMV

ADDITIONAL **BENEFITS**

Eligible for \$7.50/ac
farmland preservation
credit.

Eligible for reduced
state income tax on
timber and animal sale
profits.