

WAFO was founded by and is supported by individual landowners

WAFO works for:

- Fair property taxes on woodlands
- MFL (Managed Forest Law) reform
- Recognition that timber is a long-term agricultural crop

Privately-owned woodlands are increasingly threatened by state actions which encourage destruction of forests by providing strong incentives that favor other uses of these lands.

Property tax reform

Background

- Rural property taxes on productive forest land have risen dramatically in the past 18 years
- Taxes on other agricultural land have fallen significantly

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%

Problems

- Taxes of more than \$3 per acre make it difficult for woodland owners to realize any gains from sustainable timber production
- Tax and regulatory increases on woodlands have created a major incentive for landowners to either clear cut their woodlands, pasture them with livestock, or sell the land for development

Solutions: WAFO's proposals for equitable tax treatment

- Treat timber as an agricultural crop by:
 - Taxing sustainably-managed timber lands based upon its use
 - Clearly defining and incorporating working forests as another agricultural use in Statutes and Codes
 - Including timber sales in the Manufacturing and Agricultural tax credit that reduces the state income tax rate from 7.9% to 0.4% on our other agricultural crops.

MFL Reform: Equitable and reasonable regulations & restrictions

Background

- Wisconsin's Managed Forest Law (MFL) was passed in 1985 to create a tax structure that allowed landowners to sustainably grow trees and keep their land in forest.
- To enroll in the program, landowners signed a 25 or 50 year "contract" with the state to follow a management plan and a harvest schedule for their woodlands.

Problems

- Changes to MFL in recent years have caused the program to fail in its purpose to make sustainable timber production a viable business.
- The state has consistently made unilateral changes to MFL requirements and regulations that act to the detriment of land owners, violating its legal obligation to obtain agreement from the other party to the contract.
- Local governments receive \$2.14/acre of the \$10.68 tax landowners in the MFL pay. The remaining \$8.54/acre is a special state tax placed on lands that are entered as closed. This special tax is a major reason why timber production is a net loss for most woodland owners.

Solutions: WAFO's proposals for fixing MFL

- Reduce or eliminate the \$8.54 per acre special tax the State of Wisconsin places on forest lands enrolled in the MFL
- Restore the ability of landowners to receive income between harvests by being able to lease MFL lands for recreational uses compatible with sustainable forestry
- Ensure MFL entries are treated as contracts: Changes can't be made without the agreement of both parties
- Expand the ability to withdraw small parcels from MFL
- Reduce MFL withdrawal penalties
- Simplify the ability to transfer portions of MFL property
- Restore the ability of DNR county field foresters to provide assistance to private landowners

Background information

Private woodlands in Wisconsin

- 360,000 private woodland owners in WI
- These own 10.4 million acres of wooded land (57% of total wooded acres)
- 155,000 own 10 or more acres of forest, for a total of 9 million acres

Wisconsin's Forestry Industry depends on private landowners

- Privately-owned forests produce **64 percent** of the wood used in Wisconsin's forest product industries

Wisconsin depends on its Forestry Industry

- The Forest Products Industry is the largest economic sector in the state, producing \$20 billion worth of products per year
- Timber harvesting and processing provides 68,000 jobs, second only to agriculture
- A total of 300,000 jobs in Wisconsin rely on timber production

Other benefits of managed woodlands

- Cleaner air, cleaner water, erosion control, extensive wildlife habitat, a beautiful landscape, and wildlife sanctuaries for rare plants, animals, and natural communities.
- Increases the wildlife population of many woodlands, benefiting the state's 670,000 licensed hunters

How woods are managed sustainably

- Take the worst, and leave the best trees to grow to economic maturity
- Harvest at the right time and with the right methods to ensure quick and successful re-growth of trees
- Thin and prune trees to create faster-growing, healthier trees that produce more food for wildlife and better quality timber
- Employ Best Management Practices to control erosion and ensure clean water
- Manage for diversity of species and forest ages for maximum wildlife habitat, and for resilience to pests, disease, and catastrophic weather

How property taxes are calculated

1. **Tax parcels are classified by use.** The eight statutory classifications for real property are: (1) residential, (2) commercial, (3) manufacturing, (4) agricultural, (5) undeveloped, (5m) agricultural forest, (6) productive forest land, and (7) other.
2. **Fair Market Value (FMV) is established.** State law provides that all non-agricultural assessments must be based upon the market value (the price which could ordinarily be obtained at private sale)
3. **The tax rate for the township is determined.** The clerk calculates the rate after the governing body of the town, village, or city determines how much money must be raised from the property tax.
4. **Property taxes are calculated by multiplying FMV by the tax rate.**
5. **Special tax breaks for particular classes of property are applied.** State law provides the following property taxation standards:
 - a. Undeveloped land and “agricultural forest” land are assessed at 50% of full value.
 - b. The assessed value of agricultural land is based on its *use* in agriculture, rather than its fair market value as determined by a special formula.
 - c. Taxes on forest lands are prescribed by the legislature. The managed forest law is an example of how this constitutional ability has been applied.

Abstracted from:

“2014 Guide for Property Owners” <http://www.revenue.wi.gov/pubs/slf/pb060.pdf>

“2014 Agricultural Assessment Guide for Wisconsin Property” <http://www.revenue.wi.gov/pubs/slf/pb061.pdf>

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