

WISCONSIN DEPARTMENT OF NATURAL RESOURCES

# Managed Forest Law Tax Exemption Summary

May 29, 2024 | [DNR.WI.GOV](https://DNR.WI.GOV)

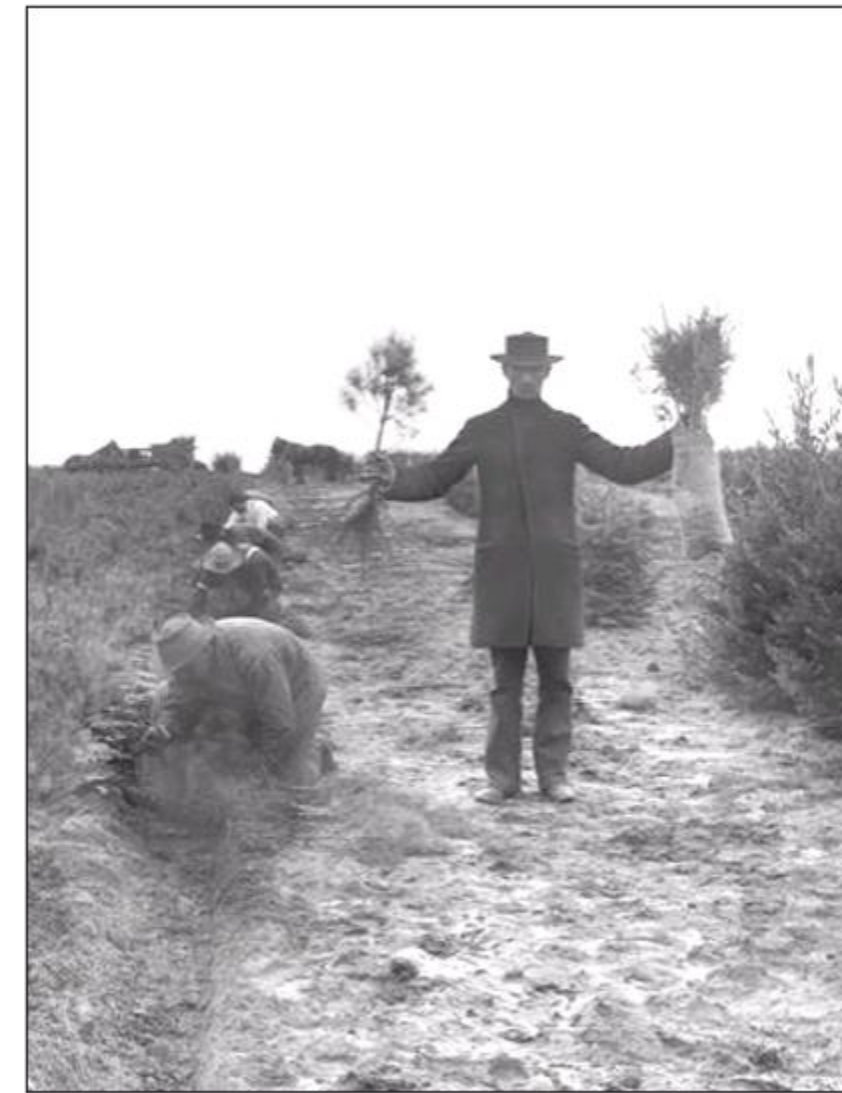
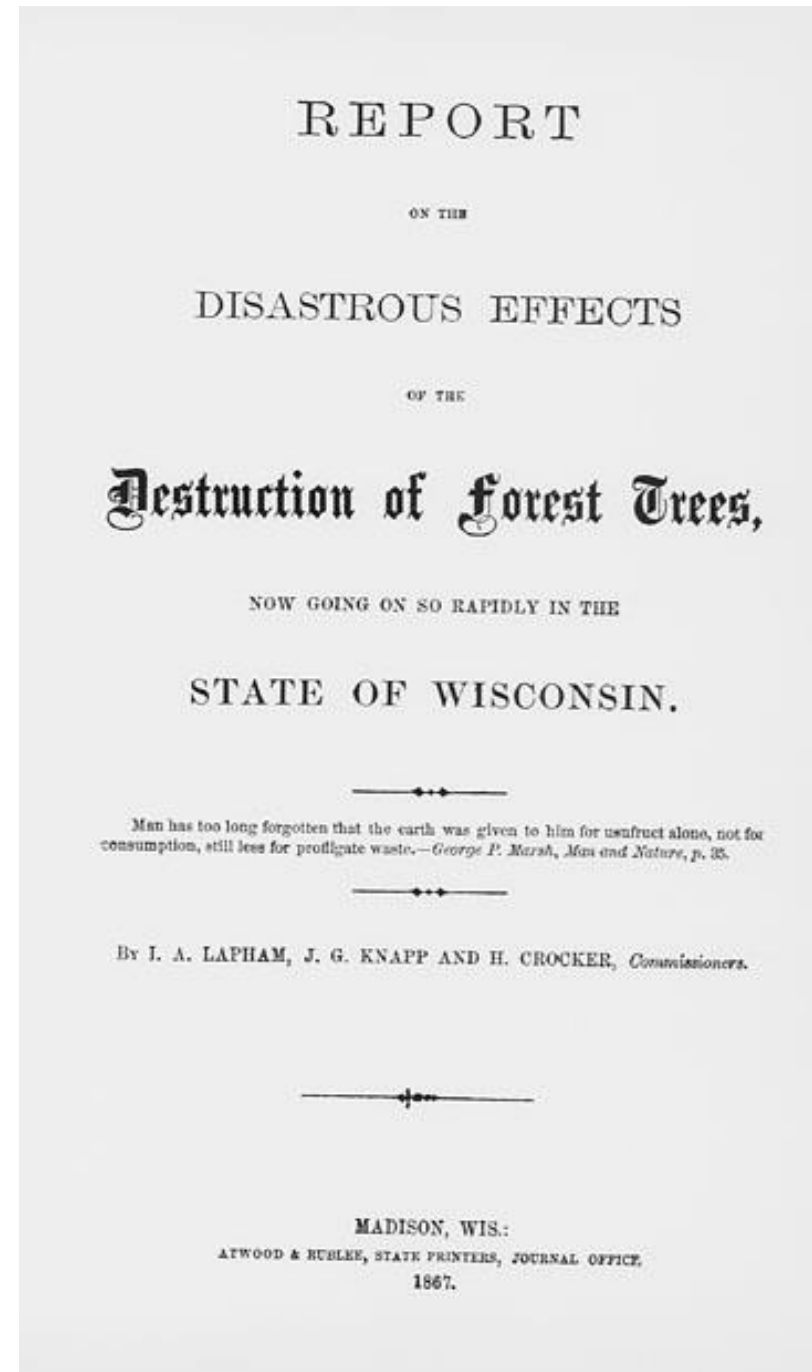


# OVERVIEW

- History of Wisconsin's Forest Tax Laws
- Purpose of MFL
- Stakeholders
- Taxes, Payments, and Distributions
- Discussion and questions

# HISTORY OF WI'S FOREST TAX LAWS

- Late 1800's early 1900's Great Cutover
- 1927 Forest Crop Law
- 1954 Woodland Tax Law
- 1985 Managed Forest Law



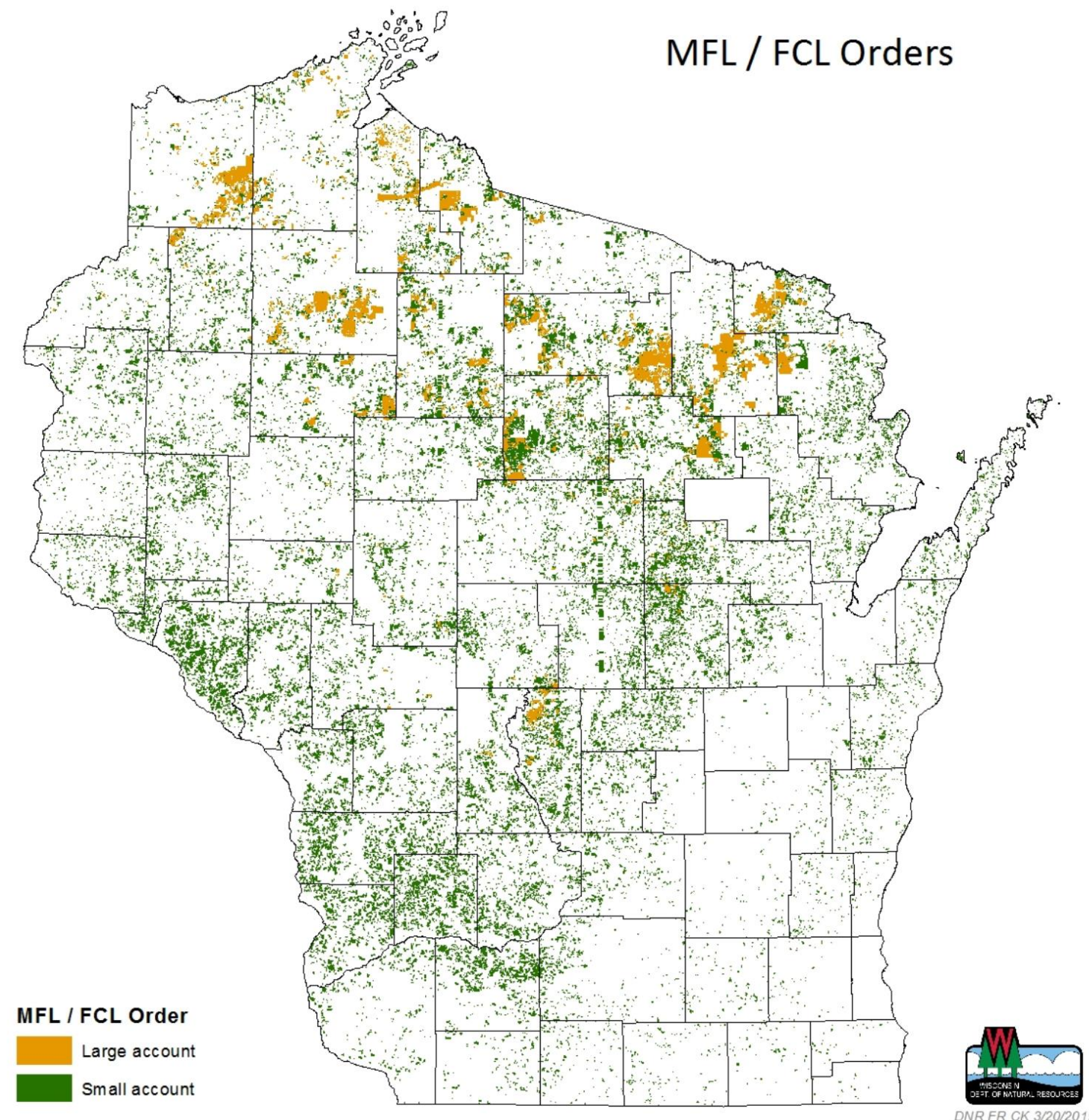
# WI's Forest Tax Law Programs

## Managed Forest Law (MFL)

- 3,485,191 Acres
- 50,468 Orders
- 26.5% (924,547 acres) open to public access

## Forest Crop Law (FCL)

- 32,866 Acres
- 302 Orders
- Last plans expire in 2035



# PURPOSE OF MFL

*s.77.80 Wis. Stats.,*

*“...to encourage the management of private forest lands for the production of future forest crops for commercial use through sound forestry practices, recognizing the objective of individual property owners, compatible recreational uses, watershed protection, development of wildlife habitat and accessibility of private property to the public for recreational purposes.”*

# DIVERSE STAKEHOLDERS



# MFL TAXES & PAYMENTS

## Landowner Payments:

- Acreage Share Tax
- Closed Acreage Fee
- Withdrawal Tax

## WI DNR Payments:

- Resource Aid Payment
- Annual Aid Payment

# MFL ACREAGE SHARE TAX AND CLOSED ACREAGE FEES

[s. 77.84 Wis. Stats., establishes rate per year of entry](#)

## Lands entered before 2005 (1987-2004)

- Open Land (Acreage Share Tax): \$0.72
- Closed Land (Acreage Share Tax + Closed Acreage Fee \$0.96 ): \$1.68

## Lands entered after 2004 (2005 and later)

- Open Land (Acreage Share Tax): \$1.90
- Closed Land (Acreage Share Tax + \$7.59 closed acreage fee): \$9.49

[s. 77.89\(2\) Wis. Stats., directs Municipality pay 20% to County and retain 80%](#)



<https://www.revenue.wi.gov/Pages/Report/Summary-Tax-Exemption-Devices.aspx>

STATE OF WISCONSIN

# SUMMARY OF TAX EXEMPTION DEVICES

Tony Evers, Governor



FEBRUARY 2023

Division of  
Executive Budget and Finance  
DEPARTMENT OF ADMINISTRATION

Division of  
Research and Policy  
DEPARTMENT OF REVENUE

# 2023 DOR Tax Exemption Summary

**TABLE 2  
ACRES ENROLLED AND AVERAGE PROPERTY TAX ON FOREST LAND, 1960 - 2021**

| Year | Acres Enrolled   |                 |                    |                      | Average Net Property Tax per Acre of Taxable Forest Land |
|------|------------------|-----------------|--------------------|----------------------|--|
|      | Woodland Tax Law | Forest Crop Law | Managed Forest Law | Total Acres Enrolled |  |
| 1960 | 60,431           | 361,211         | 0                  | 421,642              | \$0.52   |
| 1965 | 107,431          | 490,154         | 0                  | 597,585              | 0.56   |
| 1970 | 154,185          | 643,514         | 0                  | 797,699              | 0.87   |
| 1975 | 158,302          | 951,808         | 0                  | 1,110,110            | 1.42   |
| 1980 | 256,349          | 1,287,833       | 0                  | 1,544,182            | 3.31   |
| 1985 | 447,851          | 1,468,912       | 0                  | 1,916,763            | 5.90   |
| 1990 | 472,236          | 1,452,194       | 372,102            | 2,296,532            | 6.87   |
| 1995 | 302,338          | 1,406,718       | 804,269            | 2,513,325            | 7.76   |
| 2000 | 55,507           | 471,727         | 1,971,474          | 2,498,708            | 12.90  |
| 2005 | 0                | 334,362         | 2,784,889          | 3,119,251            | 23.53  |
| 2010 | 0                | 208,167         | 3,079,985          | 3,288,152            | 32.61  |
| 2011 | 0                | 190,926         | 3,133,534          | 3,324,460            | 32.55  |
| 2012 | 0                | 174,726         | 3,195,894          | 3,370,620            | 32.84  |
| 2013 | 0                | 155,471         | 3,236,030          | 3,391,501            | 33.75  |
| 2014 | 0                | 148,003         | 3,271,936          | 3,419,939            | 32.06  |
| 2015 | 0                | 128,528         | 3,305,206          | 3,433,734            | 31.90  |
| 2016 | 0                | 121,273         | 3,316,955          | 3,438,228            | 31.70  |
| 2017 | 0                | 113,824         | 3,344,858          | 3,458,682            | 30.43  |
| 2018 | 0                | 104,121         | 3,378,413          | 3,482,534            | 32.54  |
| 2019 | 0                | 95,148          | 3,402,439          | 3,497,587            | 32.35  |
| 2020 | 0                | 63,260          | 3,445,621          | 3,508,881            | 32.82  |
| 2021 | 0                | 49,568          | 3,474,978          | 3,524,545            | 32.55  |

Acres Source: 1960-1985: Wisconsin Department of Natural Resources, Forestry Tax Unit.  
1990-2021: State totals from Statements of Assessment filed with DOR.  
Tax per Acre Source: Calculated by DOR for land in the "forest" class.

# MFL WITHDRAWAL TAX

[s. 77.88\(5\) Wis. Stats.](#)

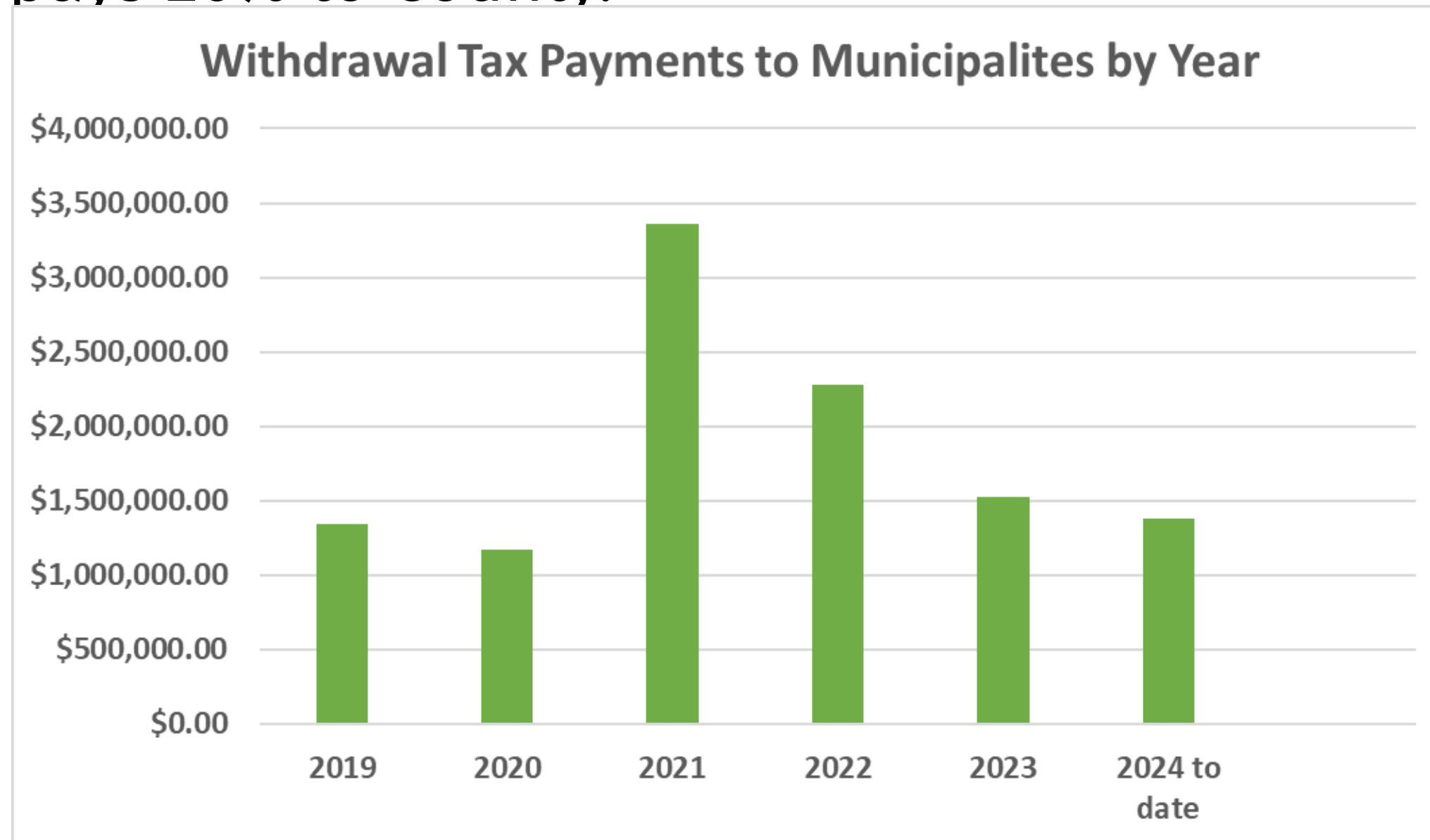
*(total net property tax rate<sup>1</sup>) X (assessed value of the land<sup>1</sup>) X (# of years enrolled in MFL<sup>2</sup>)*

<sup>1</sup> for the year prior to withdraw

<sup>2</sup> Capped at 10 years

# MFL WITHDRAWAL TAX

- DNR collects withdrawal taxes and fees (\$300 to cover recording fees).
- DNR remits 100% of withdrawal taxes to Municipality.
- Municipality pays 20% to County.



# 2023 DOR Tax Exemption Summary

TABLE 1

FINANCIAL ANALYSIS OF FOREST TAX LAWS, 2021-22

| Item                     | Forest Crop Law |          | Managed Forest Law |          |
|--------------------------|-----------------|----------|--------------------|----------|
|                          | Amount (\$)     | Per Acre | Amount             | Per Acre |
| Initial Taxes            | \$992,786       | \$20.03  | \$110,398,913      | \$31.77  |
| Landowner Payments:      |                 |          |                    |          |
| Acreage shares           | 124,910         | 2.52     | 4,949,733          | 1.42     |
| Closure fees             | 0               | 0.00     | 12,655,975         | 3.64     |
| Severance/yield taxes    | 0               | 0.00     | 0                  | 0.00     |
| Termination taxes        | 0               | 0.00     | 0                  | 0.00     |
| Withdrawal taxes         | 0               | 0.00     | 3,359,797          | 0.97     |
| Total Landowner Payments | \$124,910       | \$2.52   | \$20,965,505       | \$6.03   |
| Net Tax Reduction        | \$867,876       | \$17.51  | \$89,433,408       | \$25.74  |
| Acres enrolled           | 49,568          |          | 3,474,978          |          |

Acreage Source: 1960-1985: Wisconsin Department of Natural Resources, Forestry Tax Unit.  
 1990-2021: State totals from Statements of Assessment filed with DOR.  
 Tax per Acre Source: Calculated by DOR for land in the "forest" class.

# Resource Aid Payment

s. 23.09(18), Wis. Stats., provides for a resource aid payment of \$1,237,500 by the department to counties having more than 40,000 acres of enrolled Forest Crop Law (FCL) and Managed Forest Law (MFL) lands as of July 1 of the prior year.

This payment is to be apportioned between the eligible counties on the basis of their share of the total eligible acreage.

# Annual Aid Payment

s.77.85, Wis. Stats., - DNR pays Municipality \$0.20 per acre of land enrolled in MFL

*(20% of this amount is then due to the County by November 15<sup>th</sup>)*

# Historic Taxes & Payments

- \$1,000,000 in fiscal year 2015-16 and \$1,000,000 in fiscal year 2016-17:
  - The distribution to the municipality is based upon the MFL closed acres within the municipality as compared to the statewide total of MFL closed acres.
  - The municipality pays 20% of these monies to the county and retains the remaining 80%.
- **MFL Yield Tax** – Landowner paid 5% of stumpage value assessed by DNR. 80% to Municipality, 20% to County.
- **Withdrawal Tax** assessed for total number of years enrolled.





**QUESTIONS?**

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