The Effect of Public Land on Property Taxes

Richard Barrows and Monroe Rosner
Many people enjoy Wisconsin's public lands for hunting, fishing, camping, hiking, picnicking and other recreational activities. Public land is also often used for forestry, which gives a big boost to many local economies.

But who pays for this land? Many local landowners feel they pay higher property taxes because public land is removed from the tax rolls. This decreases the local tax base, and many people feel that a lower tax base means higher tax rates and property taxes for local property owners.

Studies in many Wisconsin towns show that public land has little effect on property taxes. When the amount of public land in a town is increased or decreased, property tax rates change very little.

In general, selling public land will not help keep property taxes down, and land purchases by public agencies do not usually increase property taxes. In fact when the Wisconsin Department of Natural Resources (DNR) buys land, property taxes of local people decrease—at least in the first few years after the purchase.

In making decisions about public land, local people and local elected officials should not worry too much about the effect of public land on property taxes. It is much more important to consider how public land will affect the local environment, the area's economy and the type of community in which people want to live.

This bulletin is a summary of many studies of the effect of public land on property taxes. A series of studies in about 40 different towns in 1974-76 was reported in an extension bulletin published in 1976. Since then there have been many changes in the laws about property taxes, school aids, other state aids to local governments and payments in lieu of taxes on public lands. But these changes have only strengthened the conclusion of the 1976 bulletin: public land has little or no effect on property taxes of local people. The following pages summarize a series of more recent studies, most of them conducted since 1981. Also, the first section contains a summary of all the public land programs in Wisconsin, the only such summary in existence.

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Introduction

Wisconsin's public lands are used for a wide variety of recreational activities. They also help create jobs for Wisconsin citizens in both forestry and recreation.

Wisconsin's nearly six million acres of public land bring significant benefits to Wisconsin citizens. Most of us enjoy public parks for picnics, hiking, camping, swimming or family outings. State or county forests provide land for hunting, snowmobiling, fishing and camping. Forestry gives a big boost to many local economies. Other public lands are used for wildlife refuges or are set aside specifically for fishing and hunting.

But who pays for the lands? Of course, when a state or federal agency buys land for public use we all pay for the initial purchase through our state and federal taxes. But many people believe that local landowners pay even more, because they believe that public land means higher property taxes for local property owners. Public lands are removed from the tax rolls, which decreases the local tax base (total value of the property in the area). Many people believe that this loss of tax base means higher property taxes for local property owners.

Counties with large amounts of public land do not have high property tax rates compared to the state average (Harkin). But the low tax rates may not be due to public land. Public land is concentrated in northern Wisconsin where property tax rates are generally lower than in other parts of the state. But local governments in these areas may spend less because there are fewer people, less development and not as many services to provide. So, more research was needed to learn the effect of public lands on property taxes of local property owners.

This bulletin looks at what happens to property taxes when the amount of public land in a township (town) is increased or decreased.

The first section describes Wisconsin's public land programs as well as the Forest Crop and Woodland Tax laws. The second section outlines the Wisconsin property tax system. The third section points out the general effect of public lands on local taxes. The fourth section reviews several studies of property taxes and public lands in Wisconsin towns. Section four also discusses programs such as the Woodland Tax or Forest Crop programs, which exempt private lands from property taxes. The final section discusses the meaning of the studies for public policy decisions on public land programs.
Public Land in Wisconsin

The Original Public Domain

The federal government once owned most of Wisconsin. Federal land sales began in 1834, but the pace was slow in early years because much of the state had not been surveyed. After a large area was surveyed, land would typically be offered for sale at a public auction at a minimum bid of $1.25 per acre. Land remaining unsold after the auction could be purchased at the minimum bid price. James Doty acquired the land in central Madison in this way. Another important way to get land was through squatter's rights—settling the land, and thereby earning the right to buy it at $1.25 per acre. This is how Solomon Juneau and his brother acquired nearly 300 acres at the mouth of the Milwaukee River, now downtown Milwaukee. After becoming a state in 1848, Wisconsin received over 10 million acres of federal land, nearly one-third of the 36 million acres within the state's borders. About half of this land was eventually awarded to contractors to finance construction of railroads, canals and the like. Over 2 million acres were used for support of local public schools (including Section 16 in every survey township as provided in the Northwest Ordinance of 1787). Other lands were sold to help finance roads, education and other public activities.

Forestry and the “Second Public Domain”

Settlement of the prairie created a demand for lumber and much of it was supplied from Wisconsin. By 1900 much of Wisconsin's pine forests were gone, with little reforestation of the cutover land. To ensure a future supply of wood, the 1903 Legislature created a state department of forestry and directed it to establish a state forest reserve. By 1915 the state forest reserve totaled 365,000 acres, much of it in the counties of Vilas, Iron, Oneida, Price and Forest.

In the early 1900s most people assumed that the cutover lands would eventually be used for farming. Reforestation, with a 50-100 year wait for timber harvest, was not an attractive option for many owners. Although many attempts to farm cutover lands failed, the few successful farms kept alive the hope that the land would eventually be converted to farms. Property taxes on cutover land increased steadily in the years prior to 1920, but the growing tax burden was offset by the hope of profits when the land could be farmed.

Much of the state's cutover land could not be profitably farmed, and eventually became part of public land programs.

The agricultural depression of the 1920's dashed these hopes. The market for cutover land weakened and finally collapsed. Owners abandoned millions of acres rather than pay property taxes. The tax-delinquent lands were offered at public auction, but there were fewer and fewer buyers. In 1921, one million acres in 17 northern counties were offered at tax delinquent auctions. 60 percent of these were purchased by private individuals.

In 1927, about 2.6 million acres were offered at tax sales but bids were received for only 18 percent of this acreage. Benjamin Hibbard observed in 1928 that "large acreages of land in northern Wisconsin have little present market value for any purpose."

Many public land programs were established, between 1924 and 1932, including the county

forests, state forests, the authorization for the national forests in Wisconsin and the Forest Crop Law covering private land.

Public Land Programs

About 5.9 million acres in Wisconsin are in public ownership and about another 1.7 million privately-owned acres pay no property tax. However, for 90 percent of this land local governments receive some payment in lieu of the property tax. The acreage and in-lieu payments for various public land programs (see Table 1) are discussed briefly below.

County Forests. The county forests were largely created from tax delinquent cutover lands which owners abandoned in the 1920's. Nearly 2.3 million acres are now included in county forests—the largest public land program in Wisconsin. Twenty-eight counties have county forests, ranging in size from 6,741 acres in Monroe County to 266,474 acres in Douglas County.

Table 1. 1982 Acreage and Payments on Public Land and Other Tax Exempt Land in Wisconsin

<table>
<thead>
<tr>
<th>Land Ownership Category</th>
<th>Acreage</th>
<th>Payments in Lieu of Taxes</th>
<th>Average per Acre in-Lieu Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Forests</td>
<td>1,501,910</td>
<td>$961,174</td>
<td>$0.64</td>
</tr>
<tr>
<td>National Wildlife Refuges</td>
<td>122,370</td>
<td>183,872</td>
<td>1.50</td>
</tr>
<tr>
<td>National Park Service</td>
<td>58,360</td>
<td>85,500</td>
<td>1.47</td>
</tr>
<tr>
<td>Corps of Engineers</td>
<td>40,320</td>
<td>59,000</td>
<td>1.46</td>
</tr>
<tr>
<td>Military Installations</td>
<td>60,500</td>
<td>36,845</td>
<td>.61</td>
</tr>
<tr>
<td>Indian Reservations</td>
<td>409,160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State of Wisconsin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dept. of Natural Resources</td>
<td>1,096,449</td>
<td>1,005,269</td>
<td>.92</td>
</tr>
<tr>
<td>Trust Lands</td>
<td>88,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County and Local Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Forest System</td>
<td>2,282,116</td>
<td>$3,975,231</td>
<td>$1.74</td>
</tr>
<tr>
<td>Community Forests</td>
<td>70,500*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Parks, Forests and Miscellaneous Public Lands</td>
<td>150,000*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private, Tax Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest Crop Law</td>
<td>1,370,619</td>
<td>489,673</td>
<td>.37</td>
</tr>
<tr>
<td>Woodland Tax Law</td>
<td>330,977</td>
<td>112,598</td>
<td>.39</td>
</tr>
<tr>
<td>Miscellaneous, including Scouts, Church, YMCA, etc.</td>
<td>10,000*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,600,000</td>
<td>$6,909,162</td>
<td>$0.91</td>
</tr>
</tbody>
</table>

Note: For explanation of individual payment programs, see the text. Acreage (col. 1) is the most recent figure available and generally refers to 1982. Under most payment programs, payments (col. 2) are related to acreage in the prior year. For payment programs in which acreage changed significantly between 1981 and 1982, the average per acre payment (col. 3) is computed using the 1981 acreage figure which generated the payment.

* Estimated, no data available.

SOURCE: Based on information from the respective agencies, see text.
country (see Table 2). County forest covers 25 percent of Marinette County, 30 percent of Douglas County and 34 percent of Iron County. Both town and county governments derive revenue from the county forests. Towns receive a state aid each year of 20 cents per acre, plus 10 percent of average per-acre receipts from timber sales. Counties receive an annual interest-free loan from the state to help operate their county forest program. The counties decide on the amount of the loan, from zero to 50 cents per acre in ten-cent intervals. As timber is cut, 20 percent of gross receipts goes to the state for repayment of the loan to the county, 10 percent is divided among the towns and 70 percent is kept by the county. Timber revenue from the county forests has been increasing in recent years; gross receipts in 1981-82, exceeded $3.8 million, equal to about $1.68 per acre. Thus, in 1982 towns received on average 36.8 cents per acre from the county forests—20 cents from the state plus 16.8 cents from timber sales. Average county proceeds were about $1.38 cents per acre in 1982—$1.18 as their 70 percent share of timber sale receipts and an average loan amount of 20 cents.

<table>
<thead>
<tr>
<th>County</th>
<th>County Forest Acreage</th>
<th>Timber Sale Receipts</th>
<th>Timber Sale Receipts Per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashland</td>
<td>31,995</td>
<td>$114,648</td>
<td>$3.58</td>
</tr>
<tr>
<td>Barron</td>
<td>14,360</td>
<td>20,983</td>
<td>1.46</td>
</tr>
<tr>
<td>Bayfield</td>
<td>166,256</td>
<td>300,629</td>
<td>1.81</td>
</tr>
<tr>
<td>Burnett</td>
<td>103,438</td>
<td>284,063</td>
<td>2.75</td>
</tr>
<tr>
<td>Chippewa</td>
<td>32,103</td>
<td>42,093</td>
<td>1.31</td>
</tr>
<tr>
<td>Clark</td>
<td>132,970</td>
<td>203,481</td>
<td>1.53</td>
</tr>
<tr>
<td>Douglas</td>
<td>266,474</td>
<td>198,233</td>
<td>.74</td>
</tr>
<tr>
<td>Eau Claire</td>
<td>50,732</td>
<td>41,130</td>
<td>.81</td>
</tr>
<tr>
<td>Florence</td>
<td>36,301</td>
<td>212,866</td>
<td>5.86</td>
</tr>
<tr>
<td>Forest</td>
<td>10,846</td>
<td>77,432</td>
<td>7.14</td>
</tr>
<tr>
<td>Iron</td>
<td>171,727</td>
<td>227,200</td>
<td>1.32</td>
</tr>
<tr>
<td>Jackson</td>
<td>104,524</td>
<td>43,918</td>
<td>.42</td>
</tr>
<tr>
<td>Juneau</td>
<td>13,939</td>
<td>21,620</td>
<td>1.55</td>
</tr>
<tr>
<td>Langlade</td>
<td>122,497</td>
<td>217,368</td>
<td>1.77</td>
</tr>
<tr>
<td>Lincoln</td>
<td>98,536</td>
<td>143,168</td>
<td>1.45</td>
</tr>
<tr>
<td>Marathon</td>
<td>24,603</td>
<td>21,827</td>
<td>.89</td>
</tr>
<tr>
<td>Marinette</td>
<td>227,590</td>
<td>670,723</td>
<td>2.95</td>
</tr>
<tr>
<td>Monroe</td>
<td>6,741</td>
<td>360</td>
<td>.05</td>
</tr>
<tr>
<td>Oconto</td>
<td>41,763</td>
<td>158,403</td>
<td>3.79</td>
</tr>
<tr>
<td>Oneida</td>
<td>81,281</td>
<td>96,876</td>
<td>1.22</td>
</tr>
<tr>
<td>Polk</td>
<td>15,798</td>
<td>24,728</td>
<td>1.57</td>
</tr>
<tr>
<td>Price</td>
<td>86,646</td>
<td>52,728</td>
<td>.61</td>
</tr>
<tr>
<td>Rusk</td>
<td>86,721</td>
<td>131,804</td>
<td>1.52</td>
</tr>
<tr>
<td>Sawyer</td>
<td>113,314</td>
<td>147,835</td>
<td>1.30</td>
</tr>
<tr>
<td>Taylor</td>
<td>17,391</td>
<td>26,485</td>
<td>1.52</td>
</tr>
<tr>
<td>Vilas</td>
<td>37,666</td>
<td>181,357</td>
<td>4.81</td>
</tr>
<tr>
<td>Washburn</td>
<td>148,213</td>
<td>142,313</td>
<td>.96</td>
</tr>
<tr>
<td>Wood</td>
<td>37,675</td>
<td>35,950</td>
<td>.95</td>
</tr>
</tbody>
</table>

**Total**       **2,282,116**  **$3,840,227**  **$1.68**

Notes: County forest acreage as of June 30, 1982; timber sale receipts apply to period July 1, 1981 to June 30, 1982.

From timber sales receipts, 20% is paid to the state. 10% is shared with the towns and the remaining 70% is retained by the county. Towns also receive an aid of 20¢ per acre of County Forest from the state. Counties receive a loan from the state, repaid by the 20% of receipts. The loan amount had been 10¢ per acre, but since 1980 counties may elect the amount of the loan, from 0 to 50¢ per acre in 10¢ increments.

The figure shown in Table 1 as the payment in lieu of taxes on County Forests corresponds to the sum of town and county proceeds from the County Forest.

SOURCE: Wisconsin Department of Natural Resources.
State Lands. The Wisconsin Department of Natural Resources (DNR) manages about 1.1 million acres of state parks, forests and fish and game areas (see Table 3); total acreage has been increasing by about 14,000 acres per year.

The size of the DNR in lieu payment to local government depends on when the lands were acquired. For the roughly 900,000 acres acquired prior to July 1, 1969, the town government receives a flat rate of 50 cents per acre each year. For land acquired after that date, the payment the first year after acquisition is equal to the full property tax (excluding the state tax) which would have been collected if the property were still on the tax rolls. The next year’s payment is 90 percent of that amount, then 80 percent, and so on down to the 10 percent level, or to 50 cents per acre, whichever is greater. Payments in all later years are made at this same level. The entire payment goes to the town government.

In 1982, DNR payments in lieu of taxes amounted to $1,005,269, an average of 92 cents per acre. For the 175,851 acres acquired between July 1, 1969 and January 1, 1981 the payment averaged $3.11 per acre.

Federal Lands. Most federal lands in Wisconsin are in the national forest system although in recent years the National Park Service (NPS) and the Fish and Wildlife Service (FWS) have been increasing their land holdings.

The 1925 state legislature authorized the federal government to establish national forests in Wisconsin. Today the Nicolet and Chequamegon Forests include nearly 1.5 million acres in eleven northern counties. Two separate payments in lieu of taxes are made for national forest lands, one for towns and one for counties (see Table 4). Towns receive 25 percent of gross

| Table 3. Wisconsin Department of Natural Resources Acreage by Management Category, 1982 |
|------------------------------------------|----------|----------------|----------------|
| Fish Management                         | 73,495   | Wildlife Management | 455,845*        |
| Wildlife Management                     |          | Northern Forests    | 428,734         |
| Northern Forests                        |          | Southern Forests    | 47,227          |
| Southern Forests                        |          | Parks               | 72,515          |
| Parks                                   |          | Scientific Areas    | 5,041           |
| Scientific Areas                        |          | Wild Rivers         | 6,433           |
| Wild Rivers                             |          | Other               | 7,156**         |
* Includes 57,505 acres leased from U.S. Fish and Wildlife Service.
** Includes administrative areas, youth camps and other properties not open for public use.

SOURCE: Wisconsin Department of Natural Resources

| Table 4. National Forest Payments in Wisconsin, 1982 |
|------------------------------------------|----------|----------------|----------------|
| Acreage in Forest                       | Nicolet National Forest | Chequamenon National Forest | Total |
|                                          | 654,938 acres | 846,972 acres | 1,501,910 acres |
| 25% of Gross Receipts                  |          |                |                |
| Payments to Towns:                     |          |                |                |
| Total Payment                          | $323,242 | $189,338       | $512,580       |
| Per Acre Payment                       | 49¢      | 22¢            | 34¢            |
| Payment to Counties for Entitlement Lands: |          |                |                |
| Total Payment                          | $173,704 | $274,980       | $448,684       |
| Per Acre Payment                       | 27¢      | 32¢            | 30¢            |
| Total Payments in 1982                 | $496,946 | $464,318       | $961,264       |
| Average per Acre Payment to Towns and Counties | 76¢ | 55¢ | 64¢ |

receipts from the national forest, in proportion to the acreage of the forest that is in the particular town. In 1982, towns with lands in the Nicolet Forest received 49 cents per acre as their share of receipts; towns with lands in the Chequamegon Forest received 22 cents per acre.

The in-lieu-of-tax payment to counties was enacted by Congress in October, 1976. The county receives 75 cents per acre of entitlement land—federal lands not owned by state or local governments when the federal government acquired them. In Wisconsin, about 80 percent of national forest acreage is entitlement land. This payment is then reduced by the total payment to the towns in the preceding year, but the county always receives at least 10 cents per acre of entitlement land. In 1982, counties in the Nicolet Forest received an average payment of 27 cents per acre, and counties in the Chequamegon Forest received an average of 32 cents per acre.

The National Park Service is in process of developing two recreation areas in Wisconsin. The Apostle Island National Lakeshore consists of about 42,000 acres including 21 of the 22 islands in the Apostle Island group and land on the Bayfield peninsula. Acquisitions are nearly completed in this project. About 17,000 acres were donated by the state of Wisconsin. The St. Croix National Scenic Riverway covers about 225 miles on the St. Croix and Namekagon Rivers. Acquisitions in Wisconsin as of late 1982 amounted to 16,400 acres in fee, plus easements on another 7,100 acres.

In 1977, the federal government began making payments in lieu of taxes on National Park Service lands. A payment equal to 1 percent of the fair market value of the land and improvements at the time of federal purchase (but not to exceed the property tax last collected) is made each year during the first five years after acquisition. This payment is distributed to town, county, and school district according to their respective shares of the last property tax collected. Also, each year the county receives 75 cents per acre of entitlement land. (The 17,000 acres in the Apostle Islands which the State of Wisconsin donated to the federal government do not qualify as entitlement land). In 1982, NPS payments to local governments totaled $85,500. About $26,200 of the total was paid to the counties for roughly 38,000 acres of entitlement land. The balance, about $59,300 representing the 1 percent of fair market value payment, was divided between town, county and school district based on respective shares of property tax collections. For all National Park Service land in Wisconsin, 1982 payments averaged $1.47 per acre.

The U.S. Fish and Wildlife Service (FWS) owns and manages 122,370 acres in Wisconsin, mostly located in four National Wildlife Refuges—Upper Mississippi River, Trempealeau, Horicon and Necedah. Payments in lieu of taxes on FWS lands are governed by the Refuge Revenue Sharing Act of 1935 as amended in 1978. Under current law, the payment is the greatest of : (1) 75 cents per acre; (2) three-fourths of 1 percent of the fair market value of the property; or (3) 25 percent of the net receipts from the land. Payments are shared among the town, county and school district in proportion to their property tax collections. Almost all payments are based on the second alternative—three-fourths of 1 percent of fair market value. The per acre payment averaged $1.50 in 1982. FWS also owns 57,000 acres which are leased to the DNR. Payments for these lands are made by the DNR at the rate of 50 cents per acre.

Other Public Lands. Wisconsin has several other types of public lands. Nearly 90,000 acres remain of the State Trust Lands created at statehood for support of education. Most of this land is in Forest, Iron, Oneida, Price and Vilas counties and will be eventually sold to government agencies to fill-in public forests and recreation areas. The federal Fort McCoy occupies about 60,500 acres in Monroe County; the county receives 75 cents per acre on about 54,000 acres of “entitlement lands.” The U.S. Army Corps of Engineers owns about 40,000 acres, mostly along the Mississippi River in Buffalo, Grant, LaCrosse and Vernon counties. Counties receive 75 cents per acre for about
37,214 acres of "entitlement land." Finally, local parks and community forests are a very important, intensively used type of public land. There are 329 school forests covering about 24,000 acres and 43 city, village and town forests containing about 20,000 acres. Counties own about 26,500 acres of community forest and also have substantial acreage not classified as either county or community forest. Some northern rural towns also own large forest acreages, acquired through tax delinquency.

Native American (Indian) lands are also tax-exempt. The 409,160 acres of reservation land in Wisconsin is held in trust by the federal government, either for individuals or tribal groups. About 238,000 acres are tribal trust lands and are controlled by tribal councils or other forms of government. Reservations range in size from the 220,234-acre Menominee reservation comprising Menominee County to the 1,694 acre Mole Lake reservation in Forest County. Reservation lands may not be taxed and there is no in-lieu payment. However, most services on the reservations are provided by the federal government and federal grants are provided to local schools to offset the cost of educating reservation children.

### Tax-Exempt, Private Lands

About 1.7 million acres of privately-owned land is exempt from property taxes in Wisconsin. Almost all of this land is exempt under the Forest Crop and Woodland Tax Laws.

**Forest Crop Law.** The Forest Crop Law, adopted in 1927, contained provisions to encourage private forest owners to hold their cutover lands and practice forestry. It was felt that high property taxes discouraged forestry investment because standing timber was taxed year after year. The Forest Crop Law provides for a constant annual payment in lieu of property tax, and then taxes the timber when it is harvested.

Under the Forest Crop Law an owner of a forest of 40 or more acres may sign a 25- or 50-year contract with the state. The owner agrees to practice sound forestry methods in return for special tax treatment. In lieu of general property taxes, the owner pays the town treasurer an annual acreage share of ten cents per acre for lands entered before December 31, 1971, or 74 cents per acre for lands entered after that date. This latter payment is recomputed every ten years, based upon the change in real estate values over the preceding decade. In addition, the owner pays a severance tax to the state of 10 percent of the value of the timber when cut. The state pays 20 cents per acre annually to the town treasurer as a no-interest loan, repaid by the 10 percent severance tax. If severance taxes exceed the state payments, the difference is returned to the town treasurer. If a contract ends and is not renewed, the owner pays 10 percent of the value of the timber as if it had been cut. Of the local government's proceeds from the Forest Crop Law, the town treasurer gives 20 percent to the county and keeps 80 percent for the town.

As of January, 1982 there were 1,370,619 acres under the Forest Crop Law. Over two-thirds of this acreage is industrial belonging to twelve landowners—mostly paper companies.

**Woodland Tax Law.** The Woodland Tax Law is for owners of woodlots of 10 to 40 acres. The law was enacted in 1954 and amended in 1976. Under the current law the woodlot owner may sign a 15-year contract with the state. A forest management plan, filed with the application, is a part of the contract. The owner pays $1.49 cents per acre to the town treasurer in lieu of general property taxes (20 cents per acre for land entered prior to 1977). The in-lieu payment for post-1977 entries is recomputed every ten years in the same way as under the Forest Crop Law. Unlike the Forest Crop Law there is no state payment to local government, nor is there a severance tax when timber is cut. If the owner fails to comply with the contract or withdraws his lands before the contract expires, a penalty is assessed.

The Woodland Tax Law is popular among property owners in the Southern part of the state. At the start of 1982, owners in about 1,000 towns in every county but Milwaukee had 331,000 acres enrolled under about 7,000 separate entries.

About 4.3 million acres of public land are used for forestry.
The Property Tax System

Several types of government in Wisconsin have the authority to tax property. These include municipalities (towns, villages and cities), counties, school districts, vocational education districts and the state. In some areas, special-purpose governments such as sanitary districts also tax property.

In rural areas the most important taxing jurisdictions are the school district, county, town, vocational district and the state. Table 5 shows that some of these jurisdictions tax property much more heavily than others. The school district takes the largest share by far, accounting for 65 percent of the total property tax collected in Wisconsin towns in 1980. The county tax accounts for 19 percent and the town tax for only 8 percent. Property taxes are levied by the various taxing jurisdictions but the town (municipality) is responsible for billing the property owners, collecting taxes and distributing the proper amount to each of the taxing jurisdictions.

Calculating the Tax Bill

A tax bill is calculated for a rural property owner in two distinct steps. In Step 1 the tax levies of each taxing jurisdiction—school district, county, vocational district, others—are divided up among the municipalities (towns, villages, cities) within the jurisdiction. In Step 2 the combined tax levy, plus the municipality's tax levy, is distributed among the owners of taxable property in the municipality.

The Tax Bill for the Town. In Step 1, each taxing jurisdiction, such as a school district, calculates its tax levy. First, the jurisdiction calculates the amount of money needed to provide its services. Then it estimates the revenue it will receive from federal or state grants or aids, fees, operating receipts, fines, interest or other sources of revenue. The difference between expenditures and these sources of revenue is the amount of money that must be raised locally through the property tax. This amount is called the property tax levy.

Table 5. Property Taxes in Wisconsin Towns, Taxes Levied in 1982, collected in 1983

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>School District</th>
<th>County</th>
<th>Town</th>
<th>Vocational Education</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate (Per $1,000 of full value)</td>
<td>$17.02*</td>
<td>$11.02</td>
<td>$3.29</td>
<td>$1.31</td>
<td>$1.19</td>
<td>$.20</td>
</tr>
<tr>
<td>Amount (Millions)</td>
<td>$816.70</td>
<td>$529.10</td>
<td>$158.10</td>
<td>$62.70</td>
<td>$57.20</td>
<td>$9.60</td>
</tr>
<tr>
<td>Percent of Total</td>
<td>100%</td>
<td>65%</td>
<td>19%</td>
<td>8%</td>
<td>7%</td>
<td>1%</td>
</tr>
</tbody>
</table>

* General property tax relief (tax credits) to property owners in towns reduced the total tax rate by $2.41 per $1,000 of full value, resulting in an "effective" tax rate to $14.61 per $1,000 of full value.

SOURCE: Wisconsin Department of Revenue.
The property tax levy of each taxing jurisdiction (such as a school district) is distributed among the various municipalities in the area according to equalized value, also called full value. Equalized value is the full market value of all property in the town, village or city. So if a town contains 15 percent of the school district's equalized value, then the town must raise 15 percent of the school district's tax levy. Total value of property is also called the tax base. Full value of property in each municipality and taxing jurisdiction is determined annually by the Wisconsin Department of Revenue from market sales, appraisals and other sources of information. Full value is determined for the municipality as a whole, and for major categories of property—such as residential and agricultural—within the municipality, but full value is not estimated for each specific parcel.

Within the town, the total tax the town treasurer must collect is distributed among property owners according to assessed value. If the assessed value of an individual's property is 2 percent of the town's total assessed value, he must pay 2 percent of the property taxes raised in the town. Assessed value of each parcel in the town is determined by the local assessor. The local assessor may assess property at some percentage of full market value. The ratio of assessed value to equalized (full) value is called the assessment ratio. For example, if the assessment ratio is 26 percent, a farm with a full market value of $100,000 would be assessed at only $26,000. The assessment ratio varies greatly among municipalities. However, since assessed value is only meaningful within the municipality, it does not matter if each local assessor assesses property at a different percentage of full value. However, within the town it is important that each property be assessed at the same percentage of its market value. Otherwise some owners will pay more, and others will pay less than their fair share of the property tax.

So, equalized value is used to distribute school, county, and other property tax levies among municipalities (town, village, city). Assessed value is used to distribute these levies, and the municipal levy itself, among property owners within each municipality. All of these distributions are done by the tax rate, which is simply a convenient way to calculate tax bills and distribute the tax in proportion to property value.

We know that a town's share of the county tax levy is the same as its share of the county's equalized valuation. So the town's share is:

\[
\frac{\text{town equalized valuation}}{\text{county equalized valuation}}
\]

This ratio, multiplied by the county tax levy, would give the amount of tax that the town treasurer must collect and send to the county:

\[
\frac{\text{town full value}}{\text{county full value}} \times \text{county tax levy}
\]

In practice, however, the allocation is made by first calculating a full value tax rate for the county, which is:

\[
\frac{\text{county full value}}{\text{tax rate}} = \text{county tax levy} \div \text{county equalized (full) value}
\]

This county tax rate, multiplied by the town's full value is the amount of tax that must be raised from town property owners and paid to the county. This is the mathematical equivalent of the county levy multiplied by the ratio of town to county equalized valuation. Tax levies of the school district and vocational education district are allocated in a similar fashion.

The Tax Bill for the Owner. In Step 2, the total tax to be raised in the town is allocated among the owners of taxable property. A tax rate based on assessed value is used for this allocation. Taxes allocated to the town by the school, county, vocational education district, state and special purpose districts are combined with the tax which the town levies for its own purposes. The sum is the total tax levy which the town must collect. The collection is done by first calculating an assessed value tax rate:

\[
\frac{\text{assessed value}}{\text{total tax levy of town}} = \frac{\text{tax rate}}{\text{town assessed valuation}}
\]

Often a local assessed value tax rate may be calculated for each of the taxing jurisdictions. For example:

\[
\frac{\text{town's share of county levy}}{\text{local assessed value}} \div \text{assessed value in town} = \text{tax rate for county}
\]

For the individual property owner in the town, the amount of county tax he must pay is the local assessed value tax rate for county times the assessed value of his property. Repeating this calculation for the school district, vocational educational district, town, state and other special tax levies will give the individual's tax bill for these jurisdictions. The total is reduced by a state tax credit, and the property owner pays the rest to the town treasurer.
Full Value vs. Assessed Value
Tax Rates

A full value tax rate can always be translated into a local assessed value tax rate using the assessment ratio. For example, suppose the full value tax rate for the county is $5.00 per $1,000 full value. Suppose that in a certain town in the county the assessment ratio is 50 percent (assessed value is one-half of full value). Then in that town, the local assessed value tax rate for the county would be $10.00 per $1,000 assessed value. If an individual has a home with a full market value of $30,000, and an assessment of $15,000 (50 percent of full value), then his county tax is:

\[
\text{local assessed value tax rate} \times \frac{\text{assessed value}}{\text{of home}} = \text{individual's county tax for county}
\]

\[
$10.00 \times \frac{$15,000}{\text{of home}} = $150.00
\]

His tax bill could also be calculated using full values:

\[
\text{Full value tax rate} \times \frac{\text{estimated full value}}{\text{value of home}} = \text{individual's county tax for county}
\]

\[
$5.00 \times \frac{$30,000}{\text{value of home}} = $150.00
\]

So a local assessed value tax rate can always be translated into a full value tax rate and vice versa. In this paper, we will always use full values, and full value tax rates to avoid the confusion of having to take account of different assessment ratios in each town.

Public Land and Property Taxes

The property tax system in Wisconsin is complex and involves taxing decisions of several different units of government. In order to understand how public land affects property taxes, it is necessary to look closely at how each of these units sets its tax rate.

The School District

In general, a rural school district will contain all or part of several towns and villages. District boundaries often do not follow town or county lines. The school district's tax levy is the difference between estimated expenditures and nontax revenues such as state school aids, federal grants or other revenue. So, the school tax rate is set by this formula:

\[
\text{School Tax Rate} = \frac{\text{School Costs minus Aids and Other Revenue}}{\text{Total Property Value in District}}
\]

Many people believe that if the school district's tax base goes down, its tax rate will go up. In practice this does not happen very often. When the tax base goes down, general school aids from the state go up, offsetting all or most of the loss in tax base. For example, if the state or county buys land in a town, the tax bases of both the town and the school district decline. So, state school aids increase. Extra school aids make up for all, or almost all, of the school tax revenue lost because of the public land. So, the extra public land does not change the school tax rate. The only exceptions to this rule are the 38 school districts, out of a total of 432 districts in the state, which do not receive general school aids. Let's look at this effect in greater detail.

The state shares in nearly all school costs through general school aids. State law guarantees a certain property value behind each child to finance his or her education, so children in property-poor districts will have a chance for a well-financed education. This guaranteed property value was $259,500 per pupil in 1982-83.\(^1\) If a school district's valuation

\(^1\)This is for K12 school districts. This guarantee applies only to "shared costs" up to $2,490 per pupil. The guarantee for shared costs above $2,490 was $145,600 per pupil in K12 school districts. Shared costs include operating costs (teacher salaries, supplies, etc.), capital outlays, and up to $90 per pupil in debt repayment.
tion per pupil is 60 percent of the state guarantee, the district pays 60 percent of its shared costs, and the state general school aids provide the remaining 40 percent. If the district's value is 10 percent of the guarantee, the district pays 10 percent and the state pays 90 percent of the shared school costs. In effect, if a district's per pupil value falls short of the state guarantee, the state pays the school tax on the amount of the shortfall.

If the amount of public land in the school district increases, the property valuation per pupil will decline. The district now has a lower percent of the state guaranteed value per pupil, so the district pays a lower percent of its costs, with the increased state aid making up the difference. The extra state aid offsets the lost school taxes almost dollar-for-dollar, so the school tax rate changes very little or not at all. This is extremely important because, as we saw in Table 5, the school tax accounts for 65 percent of the total tax in Wisconsin towns. In the few school districts that receive no state school aids, increases in the amount of public land would not be offset by increased school aids so the school tax levy and tax rate would increase.

The County

The county tax is calculated like the school rate. The amount of money the county must raise locally through the property tax is the tax levy. The tax levy is the total county outlay less payments received from the state and other non-tax revenues. (The state requires counties to provide certain services, and in many cases provides a payment to the county fund the programs. State payments also include shared taxes and in-lieu payments for public land.) The tax levy is divided by the total value of property (tax base) in the county, and the result is the tax rate:

\[
\text{County Tax Rate} = \frac{\text{County Expenditures} - \text{Nontax Revenue}}{\text{Total Value of Property in County}}
\]

What happens to the county tax rate if there is an increase in the amount of public land (or other tax-exempt land) in the county? First, the land is removed from the tax roll, so the taxable valuation of both the affected town and of the county will decline. But the county tax base is so large to begin with that even a sizeable change in the tax base of a particular town will not have a significant effect on the county's tax base.

For example, the 1982 average county tax base (excluding Milwaukee county) was about $1.4 billion, whereas the average town tax base is about $38 million, a ratio of more than 35 to one. If adding public land reduced the average town's tax base by 10 percent, or $4 million, the average county tax base would decline by only .3 percent (three-tenths of 1 percent). If the county received no compensating payments, its tax rate would increase by about 1 cent per $1,000 of full value, from $3.29 to $3.30 per $1,000 full value (Table 5). In other words, the effect of the tax base change is diluted by the large size of the county's tax base. The loss in county taxes is spread broadly and equally over all taxpayers in the county. But even this small change may not occur, because counties receive in-lieu-of-tax payments for certain categories of public land and other tax-exempt land. And even if the county rate does increase slightly, the increase may be partially offset by increased state shared taxes. These are discussed later.

The Town

Towns govern all land not in cities or villages. Most public land is in rural areas and affects the town's tax base. The town tax levy is the amount of money to be spent by the town government, less any state aids, shared taxes, federal revenue sharing, in-lieu payments, highway aids and other non-tax revenue. For most towns, these state or federal payments are large enough to finance most of the town government's spending. In fact, in about 10 percent of all Wisconsin towns in 1982, these payments met all of the town's expenses, so these towns levied no property taxes at all.
The town tax rate is:

\[
\text{Town Tax Rate} = \frac{\text{Expenditures minus State and Federal Payments and Other nontax Revenue}}{\text{Total Value of Property in Town}}
\]

Public land could affect the town's tax rate in several ways. First, the town's tax base will be decreased, meaning the town may receive increased shared revenue and tax credit payments from the state and revenue sharing payments from the federal government. Second, the town will usually receive payments in place of property taxes from the public agency which acquires the land. This revenue is called payments in lieu of property taxes, or simply in-lieu payments. On about 90 percent of public land or tax-exempt land some form of in-lieu payment is provided to local government. For example, the town receives at least 40 cents for each acre of Woodland Tax Law land, at least 50 cents for each acre of DNR land and a share of timber sale revenue from the National Forest (see Table 1). These in-lieu payments are often more than enough to make up for any tax revenues the town might lose because of the public land.

For example, in 1982 the state average equalized valuation of an acre of forest land was about $390. The average town tax rate was $1.31 per $1,000 full value, so the average town receives about 51 cents in property tax from an acre of forest land. If the town receives more as in-lieu payments than it loses in property taxes, it could use the excess to offset any increases in the county or school tax rates, or could simply use the surplus to reduce taxes in general. The final result of the public land could be (and often is) lower taxes for local citizens.

Several factors influence the effect of public land on town tax rates: (1) the size of the town property tax levy; (2) the size of the town's tax base; (3) the amount of the in-lieu payment. The examples in the next chapter will show how these factors influence the effect of public land on town tax rates.

### Vocational, Technical and Adult Education District

The state's 16 Vocational-Technical and Adult Education (VTAE) districts also tax property. The VTAE tax rate is calculated in the same way as for the town or school district:

\[
\text{VTAE Tax Rate} = \frac{\text{Expenditures minus Aids, Fees and other charges}}{\text{Total Value of Property}}
\]

The average VTAE tax rate in towns is quite low—about $1.19 per $1,000 valuation. In addition, all VTAE districts contain several counties or parts of counties, and the tax base of the districts is extremely large. As a result, an increase in public land in one town, or several towns, will have no measurable effect on the VTAE tax rate. Also, state aids to the VTAE district increase as its tax base declines, similar to state school aids. For these reasons, the VTAE tax rate is not included in any of the following discussion.

The state also taxes property, but the state tax rate is set by law at 20 cents per $1,000 valuation. Changes in the amount of public land, or tax base, in a town have absolutely no effect on the state tax rate. The state property tax rate is also excluded from the remaining discussion.

### Shared Revenues and Tax Credits

The impact of public land on local property taxes is also affected by state shared revenues and state property tax relief. Payments under both of these programs may change if the amount of public land in a town is increased or decreased.

Over three-quarters of the funds paid to municipalities and counties under the state shared revenues program is distributed through a formula called aidable revenues. Under this formula, payments increase if a jurisdiction's equalized property value per person decreases, or if its locally raised revenue increases. (Of course, from year to year many jurisdictions have increases in value per person, so the key is how much the value per capita rises compared to other jurisdictions.) Thus, if public lands are returned to the tax rolls, the state payment for aidable revenues may be lower than it would have been otherwise. Similarly, if land is removed from the tax rolls for a public land program, the state payment under the aidable revenues formula will be higher than if the land had remained in private ownership. Thus, the state shared revenues program, specifically the aidable revenues part, partially offsets the loss of property tax revenue when land is removed from the tax rolls.

A second state payment is provided directly to property owners as a credit on property tax bills. The formulas for distributing these payments are
being revised, but under both the old and new formulas, state payments will increase if local tax base is reduced by an increase in public or tax-exempt lands. The payments will decline if such lands are returned to the tax rolls.

Beginning with the 1985-86 tax year, the amount of tax credits paid to property owners will be based on the total tax in their municipality. So taxpayers in a town with high tax rates will receive more tax credits than taxpayers in towns with low tax rates. If more public land leads to a higher total tax rate in a town, the state will pay more tax credits to property owners. These extra credits offset part of the tax rate increase.

Thus, any loss of tax base (and tax revenue) due to public lands may be further offset by increased shared revenue payments to local government and increased property tax relief payments to individual property owners.

Public land means a lower tax base, but it does not necessarily mean that tax rates will increase. When the amount of public land increases, the tax base of each taxing jurisdiction decreases. But when the tax base declines, the state provides more school aids to the school district, more shared revenues to the town and county, more tax relief to taxpayers and more aids to the VTAE district. Also, the public land agency may provide in-lieu payments to the town or county. These payments and aids reduce the amount of money each taxing jurisdiction must raise through the property tax. So public land means a lower tax base and a lower tax levy. Public land may cause tax rates to go up or down, depending on the specific local situation. What usually happens in Wisconsin? The next section will review several studies of the effect of public land on the property taxes of local citizens.

**Tax Levy, Tax Rate**

We’ve seen that property taxes in Wisconsin are levied by school districts, counties, towns, vocational education districts, the state, and special-purpose districts. Each taxing jurisdiction calculates its property tax levy by estimating its expenditures and subtracting the amount of state and federal payments and other nontax revenues it expects to receive. The tax rate is determined by dividing the tax levy by the total value of property in the jurisdiction—the tax base. For a given tax levy, a smaller tax base (less total value) means a higher tax rate.
Over the past few years, various towns and counties have requested studies of the effects of public land on local property taxpayers. Studies were requested in several counties—Barron, Burnett, Crawford, Douglas, Eau Claire, Florence, Iowa, Lincoln, Marinette, Pepin, Richland, Sawyer, Vilas, Washburn among others. Other studies were completed in Bayfield, Door, Florence, Langlade, and Wood Counties. Most of these studies concerned lands held by public agencies, and the effect of these lands on property taxes. Some of the studies involved private land which is exempt from property taxes, such as land in the Woodland Tax or Forest Crop programs. Both public and tax-exempt private land will be discussed in the examples in this chapter, because both types of land generate no property taxes, and the effect on local taxpayers is similar. In all cases, we either assumed or knew for certain that the change in the amount of public or other tax-exempt land did not change public service costs. More detailed discussions of all the examples can be found in the references in the back of this bulletin. Other recent research on public lands and taxes is also included in the reference section.

### County Forests

What would happen to property taxes of local people if land now in the county forests were sold and returned to the tax rolls? This question has been asked by citizens and elected officials in several Wisconsin counties. To determine the answer, studies were carried out in Burnett, Douglas, Eau Claire, Iron, Juneau, Lincoln, Marathon and Marinette counties. The results from a few of those studies will be summarized.

**Eau Claire County.** In conducting this study we assumed that in 1980 640 acres of county forest were sold to private owners in each of six towns: Bridge Creek, Fairchild, Lincoln, Luddington, Seymour and Wilson. A total of 3,840 acres would be returned to the county tax rolls. It was assumed that the land would be valued on the 1981 tax rolls at $430 per acre, the average full value for an acre of taxable forest land (Class F1) in 1981 in Eau Claire county. Therefore, selling the 3,840 acres would add $1,651,200 to the county’s 1981 tax base. About $275,200 would be added to the 1981 tax base in each town. What would happen to local taxes?

**School tax rates** would not change very much. The forest land on the tax rolls would produce extra tax revenue, but the school districts would lose state school aids because when the district’s tax base per pupil increases, state aids decline.

<table>
<thead>
<tr>
<th>School District</th>
<th>Gain in Tax Revenue</th>
<th>Loss in Aids</th>
<th>Tax Rates (per $1,000 Full Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Before</td>
</tr>
<tr>
<td>Augusta (T. Bridge Creek, Wilson)</td>
<td>$6,983</td>
<td>$4,386</td>
<td>$12.72</td>
</tr>
<tr>
<td>Fall Creek (T. Lincoln, Luddington, Seymour)</td>
<td>10,153</td>
<td>6,119</td>
<td>12.35</td>
</tr>
<tr>
<td>Osseo-Fairchild (T. Fairchild)</td>
<td>3,181</td>
<td>2,091</td>
<td>11.57</td>
</tr>
</tbody>
</table>
County taxes. If the County Forest Land had been on the tax rolls in 1981, it would have produced about $6,007 in county tax revenue. The county would have lost $1,425 in timber sales revenue, assuming that the land produced the same revenue per acre as the average for all Eau Claire County forest land. But the costs of operating the county forest program may have been reduced somewhat as well. It was assumed that the lost timber revenue was offset by lower operating costs, so the county would gain the property tax revenue with no losses. However, because the county’s tax base is large, nearly $1.5 billion in 1981, the tax rate would decrease only about two-fifths of one cent and so would remain at $3.64 per $1,000 full value.

Taxes for town government would be affected more strongly. Each town would lose the 20 cents per acre payment from the state, plus an average of eight cents per acre from the town’s share of timber sale revenues (Table 2). In addition, state shared revenue payments to some of the towns would decline in response to the towns’ higher per capita valuations. On the other hand, if the land were on the tax rolls it would produce town taxes ranging from 19 cents per acre in Wilson to about 59 cents per acre in Bridge Creek. The table below shows aid payment losses, tax revenue gains and the change in the tax rate for each of the six towns.

The total tax rate change is the sum of the change in the school, county and town tax rates, plus any resultant change in state tax credits. For example if the tax rates for school county and town decline then state tax credits to individual taxpayers would also decline, increasing slightly the effective tax rate for the pro-

<table>
<thead>
<tr>
<th>Town</th>
<th>Tax Revenue Gain</th>
<th>Aid Loss</th>
<th>Town Tax Rates (per $1,000 Full Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>State Shared Revenues</td>
<td>In-lieu Payment</td>
</tr>
<tr>
<td>Bridge Creek</td>
<td>$375</td>
<td>$533</td>
<td>179</td>
</tr>
<tr>
<td>Fairchild</td>
<td>290</td>
<td>363</td>
<td>179</td>
</tr>
<tr>
<td>Lincoln</td>
<td>293</td>
<td>0</td>
<td>179</td>
</tr>
<tr>
<td>Luddington</td>
<td>247</td>
<td>332</td>
<td>179</td>
</tr>
<tr>
<td>Seymour</td>
<td>273</td>
<td>0</td>
<td>179</td>
</tr>
<tr>
<td>Wilson</td>
<td>123</td>
<td>0</td>
<td>179</td>
</tr>
</tbody>
</table>

TOTAL CHANGE

<table>
<thead>
<tr>
<th>Change in Total Tax Rate, including effect of tax credits</th>
<th>For Owner of a $50,000 Home</th>
<th>For Owner of a $200,000 Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town</td>
<td>Actual 1981 Tax Bill</td>
<td>Change in Tax If County Forest Sold*</td>
</tr>
<tr>
<td>Bridge Creek</td>
<td>-2.2¢</td>
<td>$862.70</td>
</tr>
<tr>
<td>Fairchild</td>
<td>+1.9¢</td>
<td>823.97</td>
</tr>
<tr>
<td>Lincoln</td>
<td>-6.2¢</td>
<td>843.10</td>
</tr>
<tr>
<td>Luddington</td>
<td>-4.4¢</td>
<td>842.68</td>
</tr>
<tr>
<td>Seymour</td>
<td>-6.4¢</td>
<td>859.77</td>
</tr>
<tr>
<td>Wilson</td>
<td>-3.2¢</td>
<td>853.10</td>
</tr>
</tbody>
</table>

* If the sale proceeds were invested at 10%, the tax of each homeowner would decline by an additional $5.30 per year and the tax of each farm owner would decline by an additional $22.00 per year.
property owner. Overall, selling an entire section (640 acres) of county forest in each of six towns would not have changed people's tax bills very much. The gains from the increased tax base are offset by loss of school aids, county forest aids, timber sale revenue and state shared revenues and tax credits.

Studies in other counties have yielded similar results. In Iron County, Town of Oma, we found that a sale of a small block of county forest lands would change local property tax bills by less than one-half of one percent. In Lincoln County, Town of Harrison, selling 3,000 acres of county forest land would actually have increased property tax bills because the loss of in-lieu payments, timber sale revenue and school aids would have more than offset the local tax revenue gains. In Marinette County the effect of selling county forest in the Town of Athelstane would have decreased local tax bills less than one fourth of one percent. In Douglas County, a sale of county forest lands in the towns of Summit, Maple, Solon Springs and Wascott would have increased local tax bills in every case. In Marathon County a large sale of county forest land in the Towns of Guenther and Hewitt would have increased taxes very slightly for local people in both cases. Other studies have shown similar results.

The conclusion is that selling county forest land will not guarantee lower property taxes for local owners. Put differently, the county forests do not mean high property taxes for local residents. But yet if the county lands were on the tax rolls, more local property tax revenue would be collected. Who makes up for this revenue if the lands remain in public ownership? Much of it is made up by school aids and other payments from the state, paid for by taxpayers throughout Wisconsin. County forest lands do have a tax cost, but that cost is not borne by local people through their property taxes. The cost is borne by all Wisconsin residents.

Studies in many Wisconsin towns have shown that county forests do not mean higher property taxes for local people.

DNR Land

The Wisconsin Department of Natural Resources (DNR) buys land for state parks and forests, hunting and fishing areas, wildlife refuges, the state wild rivers program and other public uses. Detailed studies of actual DNR purchases have been made in Burnett, Florence, Bayfield and Polk counties. Studies of the effect of hypothetical DNR purchases have been made in Barron, Door, Langlade, Marinette, Monroe, Rock and Sawyer counties. The results are similar and the conclusion is clear. DNR land purchases do not mean higher property taxes for local people. In fact, DNR purchases lead to lower property taxes in the first few years after purchase and have very little effect after ten years or so. Recent examples from Florence and Polk Counties illustrate these points.

The DNR has been purchasing land on the Pine and Popple Rivers in the towns of Common-wealth and Fern in Florence County as part of the state Wild River program. The effect on local property taxes of removing these lands from the tax rolls was studied in 1982.

As indicated earlier DNR purchases have no measurable effect on the Vocational-Technical and Adult Education (VTAE) district tax rates because of the VTAE's extremely large tax base, or on the state tax rate, which is set by state law and does not change. So the study examined school, county and town taxes.

The DNR purchases remove land from the tax rolls, so revenue collections by the school district, county and town will decline. On the other hand, the decline in tax base means a decline in equalized value per pupil, so the school district will receive more state school aids than it would if the DNR lands were on the tax roll. The town will receive payments in lieu of taxes from the DNR, which may or may not offset the town's revenue loss. For all lands acquired after July 1, 1969, the DNR payment is made on a declining basis. The first year payment is equivalent to the full property tax that would have been collected for the land if it were still on the tax rolls. The DNR pays 90 percent of that amount the next year, 80 percent the third year, 70 percent in the fourth year, and so on, down to the 10 percent level or 50 cents per acre, whichever is greater. Payments in all subsequent years are made at this level. It is important to note that the full amount goes to the town; none is distributed to the county or school district.
Town of Commonwealth, Florence County

In June, 1982, the DNR purchased 606 acres of land in the Town of Commonwealth in Florence County. The land had been valued on the 1982 tax rolls (full value) at $135,439. In 1982, the previous owner paid $1,705 in property taxes (tax levied in 1981, paid in 1982). The effect of the DNR purchase can be estimated by assuming that these lands were not on the tax roll in 1981 and calculating how local people’s 1981-82 tax bills would have been different.

School taxes would have changed very little. About $1,220 in school taxes was paid for the land in 1982; this amount would be lost to the school district if DNR had owned the land. But if the land were in DNR ownership the equalized value per pupil in the school district would have been lower and the district would have received $1,134 more in school aids. The school tax rate would have remained at $9.01 per $1,000 full value. (The actual increase in tax rate would have been seven one-hundredths of one cent per $1,000 full value.)

The county tax rate of $3.47 per $1,000 full value would have increased slightly, by about one-third of a cent per $1,000 full value. The county would have lost $470 in property taxes from the land and would not have gained any in-lieu payments. Although the county’s shared revenues payment from the state would have increased slightly, this positive effect of DNR purchase was ignored. The effect on the county is very slight in any case.

The town tax for Commonwealth would have been affected more significantly. The land was taxed only $15 by the town in 1982. Thus if DNR had owned the land in 1981, the town would have lost $15 in tax revenue. But under DNR ownership the town would have received a first-year payment in lieu of taxes of $1,705, an amount greater than the entire town tax levy of $1,210 for that year. Thus the town would have eliminated its tax levy altogether, reducing its tax rate from 11 cents per $1,000 full value to zero, and would have had $495 left over to reduce the other levies for property owners or to add to its operating balance. If the town used the surplus to offset other levies, the additional tax rate reduction would have been 4.4 cents per $1,000 full value. So the total effect on the town tax rate would be a decrease of about 15.4 cents per $1,000 full value.

The combined effect of the changes in school, county and town tax rates is a decrease in the total tax rate of 15.0 cents per $1,000 full value. The decrease in the combined school, county and town tax rates will be partially offset by reductions in state shared taxes and tax credits equivalent to about 2 cents per $1,000 full value. The final effect, after all changes in these state payments, would be a decrease in the total tax rate of about 13 cents per $1,000 of full value.

Thus, if the lands had been purchased by the DNR, the taxes of local property owners would have declined. The owner of a home in Commonwealth with a full market value of $50,000 would have paid about $6.50 less tax in 1981-82. The actual tax bill for a $50,000 home, was about $629.

If the lands had been off the tax rolls in 1981, local people would have paid less property tax. This result may seem surprising since we usually think that a lower tax base means higher tax rates. There are several reasons for this result. First, although the school district loses property tax revenue, it gains almost as much in state aid since the tax base per pupil has declined. The change in the county tax rate is slight because the loss in property tax revenue is spread over the county’s relatively large tax base. The town collected very little town tax on the property, so loses very little tax revenue. On the other hand the town receives an in-lieu payment which initially is equal to the total tax levied on the land by the schools, county and town. Thus, the school tax rate increases very little because of the increased state school aid, the county tax rate increases very little because of the large tax base, and the town tax rate declines substantially because it loses little revenue but gains a relatively large in-lieu payment.

But the DNR payment declines over the years. Will this change the results? The answer is “no.” If the DNR payment were at the minimum 50 cents per acre, the town tax rate would still decline, but only by 2.6 cents and the combined rate would decline by 2.2 cents per $1,000 full value. The owner of the $50,000 home would pay $1.10 less in property tax even if the in-lieu payment were at its lowest level.

Town of Fern, Florence County

A similar study was carried out in the Town of Fern, involving 1,900 acres purchased by the DNR over the previous decade. The study asked: What would happen to the 1981-82 property taxes of local people if these lands were sold by the DNR and returned to the 1981 tax roll?
To answer this question we had to know how the DNR land would have been assessed if it were on the tax roll. In 1981, the average full value of forest land in the Town of Fern was $305 per acre (assessed value averaged $85 per acre). We might expect land bordering the wild rivers to be more valuable than other forest land in the town, even though the Commonwealth study showed that such lands were assessed at a slightly lower value than other forest land ($223 per acre for wild river lands vs. $295 per acre for all forest land in Commonwealth.) We assumed the wild river lands would be valued at double the average for other forest land in the town.

So, the estimate of the tax base change if the DNR lands were returned to the 1981 tax role was $1,159,000. The tax base of the Town of Fern for 1981 would increase by 15.3 percent.

The school tax rate would change very little, even with such a large increase in tax base in Fern. The district would have collected $10,433 in tax revenue from the land, but would have lost $9,701 in school aids because equalized value per pupil in the district would have been higher than it actually was in 1981-82. The school tax rate of $9.01 per $1,000 full value would have declined by six-tenths of one cent per $1,000 full value.

The town tax rate would have increased from 14 cents to 48 cents per $1,000 full value if the DNR lands were on the tax rolls. In 1982 the town received $3,134 from the DNR in lieu of property taxes for the 1,900 acres of DNR land. If the land were on the tax roll, the town would have lost this payment and would have had to recover the revenue by increasing its levy by $3,134. Of that amount, about $552 would be raised from the “former DNR land”, but the balance, $2,582, would have to be made up by raising the property tax on all other property in the town. Due to its high per capita valuation, Fern does not receive an aidable revenues payment from the state; thus its shared revenues payment would not increase in response to its increased town levy.

The combined effect of the changes in school, county and town tax rates is an increase in the total tax rate of 30.5 cents per $1,000 full value. The overall increase in the tax rate will be offset by an increase in state tax credits equivalent to a tax change of about 2 cents per $1,000 full value.

Thus, if the DNR Wild River Lands in the Town of Fern had been returned to the tax roll, the taxes of local people would have increased. The owner of a $50,000 house would have paid $14.25 more property tax in 1982, an increase of about 2.3 percent over the actual 1982 tax bill of about $631.

DNR payments decline over a 10-year period, dropping each year by 10 percent of the first year’s payment; however in no case may payments fall below 50 cents per acre. Will lower payment levels change the results? The answer is “no.” If the DNR payments to Fern were 50 cents per acre instead of $1.65, the effect of returning the DNR land to the tax roll would still mean an increase in the overall tax rate of 5.5 cents per $1,000 full value. The owner of a $50,000 house in Fern would have paid $2.76 more in property tax.

The Wild River Lands in the Towns of Commonwealth and Fern do not mean higher taxes for local people. In fact, returning the land to the tax roll would cause local property taxes to increase. Yet obviously the land would generate tax revenue if it were on the tax roll, so if local people do not pay for this loss of revenue, who does? Basically, all taxpayers in the state pay through state school aids and in-lieu payments. The Wild River Lands do have a tax cost, but that cost is borne statewide, not locally.
Town of Beaver, Polk County

A study in 1982 of the proposed Joel Marsh Wildlife Area produced results similar to those for Florence County. The Joel Marsh project would enable DNR to buy 1,222 acres in Polk County—910 acres in the Town of Beaver and 312 acres in the Town of Clayton. The land is currently taxed and in 1981 had a full value of about $265,500 and taxes (payable in 1982) of $4,928.

To assess the impact of the proposed acquisition on local taxes we estimated 1981 taxes (paid in 1982) in Beaver and Clayton on the assumption that the entire 1,222 acres were owned by the state in that year and compared these results with actual taxes levied in 1981 that local people paid in 1982. Since the DNR payment in lieu of property taxes declines over the first 10 years, we estimated the impact based on the maximum in-lieu payment level (first year) and the minimum payment level (10th year and thereafter). At both levels and for both towns the impact on taxes was relatively minor.

The 910 project acres in the Town of Beaver had a 1981 full value of $225,630. Taxes on the land in 1981-82 were $4,118. If the land had been acquired by the state in 1980, and therefore taken off the 1981 tax roll, the town would have received an in-lieu payment for 1981-82 of $4,072. This payment would decline each year by 10 percent ($407.20) until it reached the minimum payment of $455 (50 cents per acre) in the tenth year. In the study, both payment levels were considered.

The project land in Beaver is in the Turtle Lake School District. If the district's 1981 full value was lower by $225,630, it would have lost $2,665 in school taxes but gained $2,624 in additional school aids, so the loss of the tax base would not affect the school tax rate at all.

The county tax base loss due to the proposed project would amount to $265,569 in 1981, corresponding to the project acreage in both Beaver and Clayton. Based on the 1981 county tax rate of $3.07 per $1,000 of full value, the tax loss to the county would be about $814. The county would receive a small increase in its shared revenue payment, due to its lower per capita valuation, but we have not included this impact in the analysis. Thus, the $814 would be spread over the county's 1981 valuation of $780 million, resulting in a tax rate increase of one-tenth of one cent per $1,000 of full value, so the county rate of $3.07 would be essentially unchanged.

The town would lose tax revenues from the loss of $225,630 in tax base. Based on the town's 1981 tax rate of $1.88 per $1,000 full value, the tax revenue loss would be $424. However the town would receive $483 more in shared revenue payments from the state due to its lower per capita valuation. In addition, the town would receive the DNR in-lieu payment of $4,072 in the first year. By the 10th year, this payment would have declined to $455. In either case, the combination of increased shared revenue payments and the in-lieu payment would more than offset the loss of tax revenue. Thus, the town's tax rate would decline as a result of the acquisition, from $1.88 per $1,000 to $1.69 per $1,000 if the higher DNR payment is considered, or to $1.86 per $1,000 at the lower DNR payment level. The result of summing the school, county and town impacts is a reduction in Beaver's total tax rate of 19.3 cents per $1,000 full value at the higher DNR payment level and a reduction of 2.4 cents per $1,000 full value at the lower payment level. State tax credits to Beaver would not change. For an owner of a $50,000 house the net effect of the proposed DNR purchases would be a $10 decrease in the property tax bill from $827 to $817, at the higher payment level. The owner's tax bill would decline by $1.20 at the lower payment level.

Town of Clayton, Polk County

The DNR would buy 312 acres for the Joel Marsh Wildlife Area in the Town of Clayton. This land had a 1981 full value of $39,939 and total taxes on the land in 1981-82 were $864. Had the land been off the tax rolls in 1981, the town would have received an in-lieu payment of $856 in the first year, declining in the 10th year to $136, or 50 cents per acre. The effects of the DNR purchase were estimated at both payment levels.

Clayton is in the Clayton School District, which in 1981 had a full valuation of about $35 million and a tax rate of $164.1. If the district's value had been reduced by the value of the project acreage, it would have lost about $655 in school taxes. However, its general school aid payment would have been higher by about $450. The net effect on the district's tax rate would be an increase of six-tenths of one cent per $1,000 full value (0.6 cents). The effect of the proposed acquisition on Polk County's tax rate is, as we noted for Beaver, an increase of about one-tenth of one cent (0.1 cent) per $1,000 of full value.

Based on the tax rate for town purposes of $1.89 per $1,000, the loss of $39,939 of value (312 acres) would amount to about $76 in lost property taxes. However, the town's shared revenue payment would increase by about $72, due to its lower per capita value.
would receive a DNR in-lieu-of-tax payment of $856 in the first year after the acquisition, declining to $156 by the 10th year. Based on the higher payment level, the proposed acquisition would result in a reduction in the tax rate for town government purposes of 4.0 cents per $1,000 full value; based on the lower payment, the rate would also decline, but by only sevenths of one cent (0.7 cents) per $1,000 full value. Summing the school, county and town tax rate changes, the total tax rate would decline by 3.3 cents per $1,000 at the higher payment level, but would not change at all at the lower level. Tax credits to the town would not change.

Therefore, the impact of the proposed acquisition on the owner of a $50,000 home in Clayton would be a property tax reduction of $1.65 at the higher payment level, and no change at the lower level. The actual tax on a $50,000 home in Clayton in 1981-82 was about $1,008, so the DNR purchase would have little effect, regardless of the level of the in-lieu payment.

Other Studies. The results for Florence and Polk Counties are similar to those from other counties. For example a detailed study of DNR purchases in the Governor Knowles State Forest (formerly St. Croix River State Forest) analyzed tax impacts in seven towns in Burnett and Polk Counties. In each of the seven towns, the DNR purchases meant lower taxes for local taxpayers. Finally, a study of a hypothetical DNR land purchase in each of nine towns in nine different counties in 1975 showed that a DNR land purchase would have decreased local taxes in each case.

In general, DNR purchases decrease tax rates significantly for the first few years. This favorable effect is gradually reduced as the DNR in-lieu payment declines. After six or seven years the impact of DNR lands is similar to that of other public land programs—very little change in the tax rate. Whether the tax rate is slightly higher or lower depends basically on the difference between what the town would receive as its share of the property tax when the land is on the tax roll and the amount of the in-lieu payment if the land is off the roll.

In general, the total tax impact of a DNR acquisition can be anticipated from the way it affects the tax rate for town government. Since towns receive the entire DNR payment, whereas they retain only about 8 percent of their property tax collections, it is not uncommon to find that DNR acquisition will actually reduce the property taxes of town property owners.

Federal Lands

In recent years the National Park Service (NPS) has been purchasing land in the Apostle Islands for the National Lakeshore and along the St. Croix-Namekagon Rivers for the National Scenic Riverway. A study of the effect of NPS purchases on local taxes was conducted in Washburn County in 1975 and updated in 1982. The results show, once again, that public land has very little effect on the property taxes of local people.

By 1975, NPS had purchased 685 acres in the town of Springbrook and had easements on an additional 494 acres. If the purchased acreage had been on the tax rolls in 1974, it would have been valued at about $260,000, equal to 10 percent of the equalized valuation of the entire town in that year. To study the impact of Scenic Riverway acquisitions on property taxes in Springbrook, we assumed that the entire $260,000 acquisition was put back on the 1974 tax rolls. Then we asked: How would taxes have differed in 1974 if this land were still on the tax rolls?

In 1974 there were no payments to local governments for National Park Service land. Thus, if the NPS land were returned to the tax rolls, no in-lieu payments would be lost. Nevertheless, the study showed that if all the NPS lands were returned to the tax rolls, the property taxes of Springbrook property owners would have been lower by only 1.1 cents per $1,000 of valuation, equal to 55 cents for the owner of a $50,000 home. The school tax rate would have declined by 0.2 cents per $1,000, the county rate would have declined by 1.0 cent per $1,000 and the town rate would have declined by 0.5 cents per $1,000. The combined decrease of 1.7 cents would have been partially offset by a reduction
of 0.6 cents in the amount of shared taxes and tax credits which Springbrook received from the state. Thus, the 1975 study concluded that even though the National Park Service did not provide in-lieu-of-tax payments at that time, the effect of Park Service land on local taxes was very small.

In 1976 Congress enacted a new program, providing for in-lieu payments for Park Service properties: (a) a payment of 1 percent of the market value of the land and improvements at the time of federal purchase, made each year for five years after acquisition and distributed to town, county and school districts in proportion to their share of the property tax and (b) a payment each year to the county of 75 cents per acre of entitlement land.

We decided to restudy the tax impact of Park Service acquisitions in Springbrook on the assumption that the new federal payment programs were already in effect in 1974.

Originally we found that the NPS purchase had increased taxes in Springbrook very slightly. Had the federal payment program been in effect in 1975, returning the properties to the tax rolls would have had no effect on local taxes. The tax rate for the school district would still have declined by about 0.1 cents per $1,000 full value since the federal in-lieu of tax payment would be offset by an equal decline in school aids. The county tax rate would have been unchanged if the National Park Service properties were restored to the tax rolls because the gain in taxes would be fully offset by the loss of in-lieu payments. In the absence of federal payments we found the county tax rate to be higher by 1 cent per $1,000 full value as a result of the acquisitions. Finally, the tax rate for the town would have been higher by 0.5 cents per $1,000 full value if National Park Service properties were restored to the tax rolls and in-lieu payments were lost. The sum of these tax rate effects for school, county and town is very close to zero, leading to the conclusion that National Park Service acquisitions have not adversely affected local taxes in Washburn County.

In the Town of Minong, Washburn County, the Mosinee Paper Company has about 12,500 acres enrolled under the Forest Crop Law. Since these lands were enrolled before 1972, Mosinee pays only 10 cents per acre per year to the town treasurer. The State contributes 20 cents per acre. The town retains 80 percent of the total payments and distributes 20 percent to the county. Thus, the Town of Minong had been receiving about $3,000 per year as its share of the Forest Crop Law proceeds from the Mosinee land. If this land had not been under the Forest Crop Law it would have been taxed about $23,000 in 1978. However, the town’s share of the tax would have been less that 4 percent, or about $870, since most of it is levied by the county and school district. The in-lieu payment ($3,000) to the town far exceeds the tax revenue the town would receive ($870) if the land were on the tax rolls. Even at the relatively low 10 cents per acre payment level, Forest Crop Law entries are not likely to have an adverse effect on taxes in towns with low forest land values and low tax rates for the town government.

In 1978, Nekoosa Papers entered 320 acres in the Town of Minong under the Forest Crop Law, effective January 1, 1979. To study that entry’s impact on taxes in Minong we asked the question: How would 1978 taxes for property owners in Minong have differed if Nekoosa’s 320 acres were already under the program during 1978? Thus, we recomputed 1978 taxes for the town on the assumption the Nekoosa lands were under the Forest Crop Law in that year and not on the tax rolls, and compared the result with actual 1978 taxes. We found that there would have been no noticeable difference.

The tax rate for the school district would have been higher by a very small amount, three one-hundredths of one cent per $1,000 of equalized valuation. The effect on the school tax would be negligible because the loss of school taxes of about $390 would be offset by a $370 increase in state school aids. The tax rate for the county would also be higher by a very small amount, five one-hundredths of one cent per $1,000 of equalized valuation. The loss in county taxes would amount to about $135, but the county would receive $26 as its 20 percent share of the 40 cents per acre Forest Crop Law payment, (20 cents from the owner and 20 cents from the state). The net loss to the county of $109 is spread over Washburn county’s total tax base of

**Forest Crop Law**

The state’s Forest Crop Law exempts certain privately-owned forest land from the property tax as part of a program to encourage good forestry practices. In effect, this land is removed from the tax rolls, causing local taxpayers to wonder if this leads to higher property taxes. We conducted studies of actual Forest Crop Law entries in several counties, including Vilas and Washburn, and studied the tax effect of hypothetical entries in Wood, Marinette, Langlade, Barron, Florence, Sawyer and other counties. The effects were similar in every case; the program has little effect on property taxes of local property owners. An example from Washburn County illustrates the results.
$250,000,000, so the effect on the county’s tax rate would be insignificant. The tax rate for the town would have been lower by about four-tenths of a cent per $1,000 of equalized valuation if the Nekoosa acreage had been under the Forest Crop Law in 1978. Although the town would lose about $20 in property taxes for the 320 acres, it would gain $102 in Forest Crop Law payments.

The net effect of the changes in school, county and town tax rates would be a decrease of 0.3 cents per $1,000 full value. The drop in taxes would trigger a slight decrease in state shared taxes and tax credits which would have the effect of cancelling about one-third of the tax rate decline. The final effect of the Nekoosa entry would thus be a decline of 0.2 cents per $1,000 full value, which would hardly be noticeable by property owners. In the Town of Minong, taxes on a $50,000 home would be about 10 cents lower.

From the Minong analysis, and from others we have done of the tax impact of the Forest Crop Law, we conclude that entries under the program do not, in general, cause local taxes to increase, and in many cases small tax decreases are observed. Beginning in 1984, the annual payment for land entered under the Forest Crop Law between 1973 and 1982 will increase from 20 cents to 74 cents per acre. When that happens, the effect on taxes of the Forest Crop Law and the Woodland Tax Law will be even more favorable to other property taxpayers in the town.

Woodland Tax Law

The Woodland Tax Law is designed to promote good forestry practices on parcels too small to be entered in the Forest Crop Program—parcels 10-39 acres or parcels less than a full government lot description. Land entered in the program is exempt from local property taxes, but the owner pays either 20 cents or 40 cents per acre (becoming $1.49 in 1984), depending on when the lands were entered under the program. Local people often ask whether this tax relief for woodland owners means higher property taxes for other local people. Studies of the effect of the Woodland Tax Law were made in Pepin and Iowa Counties and the effect of hypothetical entries was studied in nine other counties. The results in all cases were similar—the Woodland Tax Law has very little affect on local property taxes. A case from Iowa County in 1981 illustrates the basic points.

In 1981 in the Town of Ridgeway in Iowa County about 1,331 acres were under the Woodland Tax program. We asked: “Would property taxes have changed much if this land were on the tax rolls in 1980?” We assumed that the land was placed on the tax rolls with a total value of $564,350, based on an average full value of forest land in the Town of Ridgeway in 1980 of $424 per acre.

The Town of Ridgeway is located in two school districts, Barneveld and Dodgeville. We assumed that one-half of the Woodland Tax land was in each school district because more detailed data were not available. In both districts there would be little change if the Woodland Tax land were returned to the tax rolls. The Dodgeville school district would collect $2,844 in extra tax revenue but would lose $2,815 in state school aids. The Barneveld school district would gain $4,286 in tax revenue but lose $4,068 in school aids. In both cases the school tax rate would decrease less than one-half of one cent from the actual rates of $10.08 in Dodgeville and $15.19 in Barneveld, per $1,000 full value.

Iowa County would gain $2,580 in tax revenue but would not lose any in-lieu payments since the total Woodland Tax in-lieu payment is retained by the town. The county tax rate would decline by two-tenths of one cent, from an actual rate of $4.57 per $1,000 full value. The Town of Ridgeway would gain $560 in tax revenue but would lose $496 in in-lieu payments for a net gain of only $64. The town’s tax rate would decline two-tenths of one cent from the original rate of 99 cents per $1,000 full value. A decline in state tax credits (property tax relief) would wipe out some of the initial decline in tax rates.

The overall effect on taxpayers in the Town of Ridgeway would be very slight. For those town residents in the Dodgeville school district, the owner of a $200,000 farm would pay 74 cents less property tax (actual 1981 taxes about $3,129) if all Woodland Tax lands were returned to the tax roll. An owner of a $50,000 house would pay 19 cents less tax, out of an actual tax bill of about $782. In Barneveld school district the owner of a $200,000 farm would have paid $1.48 less tax (actual taxes paid in 1981 about $4,153) and the owner of a $50,000 house would have saved about 74 cents out of a tax bill of about $1,038.

It is clear that the Woodland Tax Law does not mean higher property taxes for property owners in the Town of Ridgeway in Iowa County. This same conclusion was drawn in all of the other studies of the Woodland Tax Law. After 1983, when the payment for Woodland Tax lands entered after 1977 increases from 40 cents per acre to $1.49 per acre, the effect on property taxes will be even more favorable for local property owners.
Many Wisconsin citizens believe that public land, or private land in the Forest Crop or Woodland Tax programs, means higher property taxes for people in the area. They reason that since these lands are removed from the tax rolls, local people must pay higher taxes to make up for the tax revenue not collected on tax-exempt lands. These beliefs are not supported by the factual evidence.

Studies have been conducted, and examples given here for county forests, state lands managed by the Department of Natural Resources (DNR), National Park Service lands and private lands entered in the Forest Crop and Woodland Tax programs. Dozens of other examples can be cited, all with the same conclusion: these public land or private tax-exempt land programs have very little effect on property taxes. Other studies have been made of the property tax impact of other types of public land such as lands used as a county farm or national forest land.

The conclusions from studies in many Wisconsin towns, over many years, show that increases (or decreases) in the amount of public land have very little effect on property tax rates and the taxes of local property owners. The same conclusion applies to private tax-exempt land such as forest land in the Forest Crop and Woodland Tax programs.

The occasional exception is that land purchased by the DNR often results in lower taxes for people in the first few years after purchase. After 10 years, the effect of DNR land on property taxes is extremely slight. And, in all of the studies, it was assumed that the sale or purchase of public land did not bring extra costs to local government. If public land were sold to people who built second homes or cabins, towns might need to provide more roads, snowplowing, or other public services, which would tend to increase property taxes.

Public land does not change tax rates because: (1) lower tax base means increased school aids, which offset most school tax revenue lost; (2) payments to towns in lieu of property taxes offset losses in town tax revenue and may even provide extra revenue to the town; (3) the county or vocational district tax rate does not change much because the tax base is extremely large;

While public land does not have much effect on property taxes, it may affect the local economy or environment.

(4) payments for state shared revenues and property tax relief may increase as a result of the increase in tax exempt land.

Who makes up for the loss when public land no longer generates revenue? The state makes up much of it through increased school aids, in-lieu payments, shared taxes and tax credits. The money for these state payments comes from state income taxes, sales taxes and other general revenue sources. So everyone in the state pays a very small amount of the costs of public lands. This seems reasonable since the general public benefits from public lands. The property tax system guarantees that local people do not pay the costs of public land programs through higher property taxes.

But what does this mean for local government? It means that local government officials do not need to be concerned that public land will mean higher property taxes for local residents. Local citizens and elected officials should make decisions about public land programs according to how it affects their economy, their environment and the type of community they want. Decisions about public lands should not be based on an imagined tax effect, since the impact on property taxes will be quite insignificant.
The studies described in this bulletin are available in more detail in the following sources:


Barrows, Richard L., “Property Taxes and the County Forest in the Town of Blaine, Burnett County,” mimeograph, Department of Agricultural Economics, University of Wisconsin-Madison, 1975.

Barrows, Richard L., “Property Taxes and the Marathon County Forest,” mimeograph, Department of Agricultural Economics, University of Wisconsin-Madison, 1976.


Barrows, Richard L., “Taxes and the County Forest in Eau Claire County,” mimeograph, Department of Agricultural Economics, University of Wisconsin-Madison, 1977.


Barrows, Richard L., “Tax Effects of the Woodland Tax Lands on Town of Ridgeway, Iowa County,” mimeograph, Department of Agricultural Economics, University of Wisconsin-Madison, 1980.

Barrows, Richard L., and Richard L. Stauber, *Planning for Our County Forests*, Extension Bulletin G2748, University of Wisconsin-Madison, 1975. (This study examines the effect of the county forests on the local economy and property taxes in Iron and Marinette Counties.)


Rosner, Monroe H., and Richard L. Barrows, *Public Land, Tax Exempt Land, and Property Taxes*, Agricultural Experiment Station Bulletin R2774, University of Wisconsin-Madison, 1976. (This publication discusses the property tax impact of several types of public and other tax-exempt land in nine representative Wisconsin towns, 1974. Types of land include: county forests, national forests, DNR land, land in the Woodland Tax and Forest Crop programs, and land in programs making no payment in-lieu of property taxes.)

