



**IMPACT UPON LOCAL PROPERTY TAXES
OF ACQUISITIONS WITHIN THE
St. CROIX RIVER STATE FOREST
IN BURNETT and POLK COUNTIES**

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ABSTRACT

This is a study of how local property taxes are affected by land acquisitions by the National Park Service (NPS) and the Department of Natural Resources (DNR) within the boundaries of the St. Croix River State Forest.

Acquisitions for both of these projects began about 1970. By 1975, over 10,000 acres had been acquired with a 1974 equalized valuation of about \$500,000 (NPS: 328 acres and \$133,900; DNR: 9,932 acres and \$374,807). By 1980, it is estimated that 17,554 acres will have been acquired with a 1974 equalized valuation of \$1,728,750 (NPS: 2,877 acres and \$1,007,000; DNR: 14,677 acres and \$721,750).

The impact of each project upon the 1974 tax rates for the respective counties, school districts and towns is estimated based upon two different assumptions — first, that no acquisitions had occurred, and second, that actual and estimated acquisitions during the period 1970-80 had *all* occurred in a single year, 1974. The tax rate difference between the “no acquisition case” and the “total 1970-80 acquisition case” provides a measure of the ten-year impact of acquisitions on the tax rate.

The impact of NPS and DNR acquisitions upon taxes is not very significant; in five of the seven towns within the State Forest a lower total tax rate resulted; in one town there was no change, and in one, a small increase. NPS acquisitions, taken alone, would increase taxes very slightly in each of the towns, DNR acquisitions, taken alone, would reduce taxes in each of the towns due to DNR's program for payments in lieu of property taxes. No such payments were provided by the NPS in 1974. Under recent legislation, however, the NPS will provide in-lieu payments beginning in 1977.

The generally favorable results were explained by several factors. First, the loss in tax base is a very small proportion of the total valuation of the counties and school districts. All taxpayers within these jurisdictions share equally in replacing the lost tax revenue. More importantly, the tax rate for the school district, which accounts for 70% of the total tax rate, is essentially unchanged, due to the fact that the state offsets the lost tax revenue nearly dollar for dollar in the form of increased school aids. Payments in lieu of property taxes are made to towns with DNR properties. The minimum payment of \$0.50 per acre exceeds the share of the property tax which the towns would otherwise receive if the land was still in private ownership. Finally, changes in state shared taxes and tax credits cushion the overall impact upon taxes by partially restoring the tax rate to its former level.

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INTRODUCTION

Each time a public land-managing agency increases its holdings there is concern on the part of local taxpayers that their property taxes will increase. It is reasoned that with a given tax levy, a reduced tax base means an increased tax rate. While this line of reasoning is sound, the assumption that the tax levy remains constant is unrealistic.

The school tax accounts for about 70% of total taxes in Wisconsin towns. If a school district's valuation declines, its aid from the state increases so that its tax rate does not change. Thus, not only is the levy *not* fixed, but it varies with tax base in such a way as to rule out tax increases from a loss in tax base. Separate fiscal mechanisms operate upon other portions of the property tax, neutralizing to various degrees the anticipated tax rise from a loss in tax base.

One of these mechanisms is payments in lieu of property taxes. Several categories of public land provide for a system of payments intended to replace the loss in property tax revenue when land is removed from the tax rolls. Two categories of privately owned tax exempt land also provide in-lieu payments. These are Forest Crop and Woodland Tax.

In addition to increased school aids and payments in lieu of property taxes, public lands may also result in increased payments of shared taxes and tax credits. Both these payments are sensitive to changes in local tax effort, as reflected in the tax rate. If the tax rate increases, so will shared taxes and tax credits.

Thus, several fiscal mechanisms serve to offset the tax base loss resulting from public

ownership of land so that the cost of the public land program is not borne disproportionately by local taxpayers.

The purpose of this report is to examine what happens to local taxes in five towns in Burnett County and two towns in Polk County as the Department of Natural Resources develops the St. Croix River State Forest. The first section of this report contains a general discussion of public lands and property taxes; the second section provides an analysis of the tax impact of the State Forest on Burnett and Polk Counties; the Webster, Grantsburg, and St. Croix Falls school districts; and the towns of Swiss, Union, West Marshland, Grantsburg, and Anderson in Burnett County and Sterling and Eureka in Polk County.

PROCEDURES

Our concern in the present report is with the impact of the St. Croix River State Forest upon local taxes. However, to produce a useful study, it is necessary to reduce that concern to a clearly defined question which, when answered, provides information that will be useful and meaningful. Several factors complicate the analysis of the tax impact of the State Forest, and some of these will be considered in an attempt to formulate a clearly defined procedure for analysis.

DETERMINATION OF ACREAGE FOR STUDY

There are 33,127 acres within the boundaries of the St. Croix River State Forest. How much of this acreage should properly be considered in a tax impact study of the

Project? Table 1 shows the ownership of the total acreage in the Project in 1970, prior to initiation of acquisition.

Considerable acreage within the Project boundary will not be acquired by the DNR — this includes 2,577 acres in the National Scenic Riverway and 2,251 acres to be retained by Northern States Power (and United Power and Land). The balance of 27,999 acres represents the acquisition goal.

Thus, the acquisition goal represents one possible acreage for study, but is it likely that the DNR will acquire the entire 27,999 acres within the foreseeable future? Of the 27,999-acre acquisition goal, the State already held 4,605 acres at the start of the Project in 1970. Since that time, 5,327 acres have been acquired (to June 30, 1975) by the Department. Acquisition goals are

not met in a few years, but rather *approached* over the course of several decades. This is well illustrated in Table 2 which indicates DNR acquisitions as a percent of the acquisition goal in several state forests.

An acreage concept which seems reasonable is the amount of land which is likely to have been acquired at some date in the not too distant future. We have chosen 1980 as this date. By 1980, about 14,700 acres will probably have been acquired, equal to 52% of the acquisition goal.

MEASUREMENT OF THE IMPACT OF ACQUISITION

To develop a useful measure of the impact of National Park Service

(NPS) and Department of Natural Resources (DNR) acquisitions upon the local property tax, we need to determine the difference in taxes before and after acquisition. The "after" situation has now been defined as total anticipated acquisitions as of 1980. Since land is being acquired for the project over the entire decade of the 1970's, we are defining the "before" situation by assuming that no acquisitions had occurred before the end of 1974 and determining what taxes would have been in 1974 if all property acquired for the Project had still been owned by its 1970 owner. Thus, property will be returned to the tax rolls, and the 1974 property tax will be recalculated. We can then compare taxes under this assumption with actual 1974 taxes, and with 1974 taxes assuming that the entire 1980 projected acquisition of 14,700 acres had been removed from the 1974 tax rolls. Thus, we will be looking at the tax impact which might occur if the entire projected acquisition of the decade of the 1970's was taken off the 1974 tax rolls in the seven towns. We will have more to say about these assumptions in the second part of the report.

TREATMENT OF THE FEDERAL SCENIC RIVERWAY

A portion of the St. Croix-Namekagon National Scenic Riverway occurs within the boundaries of the St. Croix River State Forest. The National Scenic Riverway, being developed by the National Park Service (NPS), will occupy a 412-foot strip of river frontage extending through the entire State Forest boundary and equal to about 2,600 acres.* In addition, several federal recreation areas outside the 412-foot strip are anticipated, amounting, tentatively, to an additional 280 acres.

The question arises as to how we treat these NPS acquisitions in the tax impact analysis — should they be included or left out? And if they are included, can their impact be treated separately from that of the State Forest? Certain points should be noted in response.

*The 412-foot width results from the fact that the Federal Wild and Scenic Rivers Act (PL 90-542) limits acquisition in fee to an average of 100 acres per river mile, or 50 acres on each side. A one-mile strip of land containing 50 acres is 412.5 feet wide.

TABLE 1. Pre-1970 ownership by acreage in the St. Croix River State Forest.

Owner	Burnett	Polk	Total Project	DNR Acquisition Goal
State of Wisconsin	4,565	40	4,605	4,605
County	3,875	1,290	5,165	5,165
Towns	122	330	452	452
Northern States Power	5,943	3,696	9,639	
National Scenic Riverway	(1,813)	(764)	(2,577)	--
St. Croix River State Forest	(3,381)	(1,430)	(4,811)	4,811
Retained by company	(749)	(1,502)	(2,251)	--
Private	11,001	2,265	13,266	--
National Scenic Riverway	(300)	(-)	(300)	--
St. Croix River State Forest	(10,701)	(2,265)	(12,966)	12,966
Totals	25,506	7,621	33,127	27,999

Source: based upon property tax records for Burnett and Polk Counties, and records of the Department of Natural Resources and Northern States Power Co.

TABLE 2. Acquisitions as a percent of acquisition goal in several Wisconsin state forests.

Forest	Year of Origin	Acquisition Goal (acres)	Acreage Controlled by DNR on June 30, 1975	Percent of Acquisition Completed on June 30, 1975
Brule	1907	49,831	33,782	67.8%
Flambeau	1931	91,708	86,465	94.3%
Northern Highland	1925	188,000	150,820	80.2%
American Legion	1929	62,969	49,219	78.2%
Black River	1957	71,804	64,831	90.3%

First, the tax impact of the NPS acquisitions *should* be studied since it is likely to be quite significant, perhaps more so than that of the DNR acquisitions. But for this same reason, it is important to keep these impacts separate, so as not to attribute the impact of NPS acquisitions to the DNR Project. Thus, we will analyze the tax impact of both the Federal Scenic Riverway and the State Forest, but the impact of each will be separated insofar as is possible.

It is important to recognize that river frontage commands a far higher price than does back acreage, a factor taken into account by most local assessors. Ten dollars per front

foot is a common price quoted for acreage on the St. Croix River; back forties, on the other hand, may sell for about \$4,000-\$6,000 or about \$100-150 per acre. This distinction is quite important in light of the fact that the NPS will be acquiring the high value frontage, for which it makes no payments in lieu of property taxes.* The DNR, on the other hand, does provide in lieu payments, but these will be based upon the valuation of lower valued acreage 412 feet back from the River's edge (normal high water mark).

*Payments in lieu of taxes on NPS lands will be made beginning in 1977.

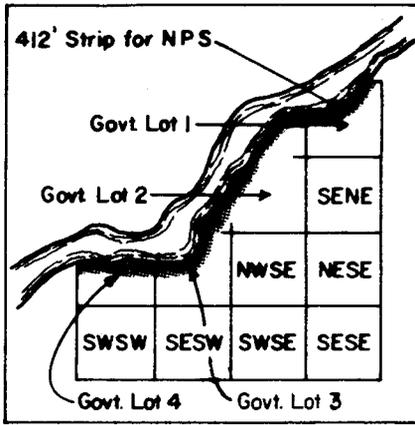


Figure 1. Location of NPS and DNR acquisitions.

With time, public ownership and protection of river frontage, and of land generally, tends to enhance the value of adjacent, privately owned acreage, but we have not attempted to study this effect in the case of the state and federal acquisitions on the St. Croix.

The difference in valuation between the NPS acquisitions, for which no in-lieu payments are made, and the DNR acquisitions, for which such payments are made, is illustrated by the following example. Section 4 in T37N, R20W (west part, Town of Anderson, Burnett County) is adjacent to the St. Croix (Fig. 1).

Northern States Power Company (NSP) owned all of Sec. 4 with the exception of the southerly tier of forties (SESE, SWSE, SESW, SWSW). NSP's acreage and assessment in Sec. 4 for 1974 is shown in Table 3. This acreage has now been divided, the bulk of it going to the DNR with the front 412 feet reserved for the Federal Scenic Riverway. The difference in valuation between front and back acreage, based upon the judgment of the local assessor, is seen in Table 4.

We should note that assessors in other towns within the State Forest do not make such a sharp distinction in valuation between front and back acreage, nor are their assessments (in terms of equalized valuation) of river front acreage as high as those in the Town of Anderson. Nevertheless, river front acreage (NPS acquisitions) is invariably more highly valued than back acreage (DNR acquisitions), and this, combined with the fact that the NPS makes no in-lieu payments,* while the DNR does, leads to the anticipated result that the effect of

the Federal Scenic Riverway will be to increase local taxes while that of the State Forest may be to decrease taxes.

PAYMENTS IN LIEU OF PROPERTY TAXES

Payments in lieu of property taxes are made to local governments for several categories of public land and other tax exempt land. Although in-lieu payments for a given land area are usually less than the corresponding property tax would be, the distribution of in-lieu payments among the town, county and school district will be quite different from that of property tax receipts. Table 5 describes the per acre revenue proceeds, by taxing jurisdiction, for the ownership categories represented within the boundaries of the St. Croix River State Forest. Figures in this table are based upon state averages for 1974.

An acre of privately-owned forest land valued at the 1974 statewide average of \$78 would pay \$1.62 in property taxes — \$1.14 to the school district, \$0.28 to the county, \$0.09 to the vocational education district, \$0.10 to the town and \$0.015 to the state.

On lands owned by the DNR, two in-lieu payment systems are in effect. For lands acquired before July 1, 1969, a flat \$0.50 per acre payment is made to the town. Lands acquired after July 1, 1969, are eligible for higher per acre payments based upon a declining ad valorem schedule. The initial year's payment

TABLE 3. Local assessment in 1974 of NSP ownership of Sec. 4 in T37N, R20W.

Description	Acres	1974 Local Assessment
SENE	40	\$ 1,500
NESE	40	1,200
NWSE	40	1,500
Govt. lot 1	27.30	15,900
Govt. lot 2	67.75	18,600
Govt. lot 3	34.90	6,030
Govt. lot 4	26.39	8,080
Totals	276.34	\$52,810

is equal to the total property tax (excluding the state tax) which would otherwise have been paid. Subsequent payments decline by 10% each year, stabilizing at the level of the tenth year's payment, or \$0.50 per acre, which ever is greater. The entire payment is retained by the town. A 1973 law requires the DNR to make similar ad valorem payments on tax exempt lands which they subsequently acquire, such as county forest and trust land.

In Table 5, the DNR payment in the first year after acquisition is indicated as \$1.61 per acre, about as much as would have been generated in property taxes. The entire payment, however, would go to the town. In each subsequent year, the payment would decline by \$0.161; as it drops below \$0.50 per acre in the 8th year, it automatically stabilizes at \$0.50.

TABLE 4. Illustration of difference in value between river frontage and back acreage of T37N, R20W, Sec. 4 (local assessed valuation).

Description	To DNR for St. Croix River State Forest		To NPS for Federal Scenic Riverway (front 412 ft.)	
	Acres	Assessment	Acres	Assessment
SENE	40	\$ 1,500	-	-
NESE	40	1,200	-	-
NWSE	40	1,500	-	-
Govt. lot 1	16.75	955	10.55	\$14,945
Govt. lot 2	34.72	1,740	33.03	16,860
Govt. lot 3	25.81	1,290	9.09	4,740
Govt. lot 4	15.06	750	11.33	7,330
Totals	212.34	\$ 8,935	64.00	\$43,875
Per acre local assessment		\$42.08		\$685.55
Per acre full value* assessment		\$80.35		\$1,309.05

*Based on assessment ratio of 52.37%.

*Payments in lieu of taxes on NPS lands will be made beginning in 1977.

TABLE 5. Average town tax proceeds and distribution for an acre under public and private ownership, 1974.

Taxing Jurisdiction	Private Property (Including NSP*)	DNR Property (State Parks Forests, etc.**)	County Forest	Forest Crop Law ¹	National Scenic Riverway (NPS) ²	Wisconsin Trust Lands (Also Town Lands and County Lands not Included in County Forest)
School district	\$1.14	--	--	\$0.12 or 0.16	--	--
County	0.28	--	\$0.51	0.06 or 0.08	--	--
Vocational district	0.09	--	--	--	--	--
Town	0.10	\$1.61-0.50	0.26	0.12 or 0.16	--	--
State	0.01	--	--	--	--	--
Totals	\$1.62	\$1.61-0.50	\$0.77	\$0.30 or 0.40	--	--

*The average valuation, statewide, of an acre of forest land in 1974 was \$78. The average tax rate in Wisconsin towns in 1974 was \$20.78 per \$1000 of equalized valuation, distributed by taxing jurisdiction as follows: total (\$20.78) = school district (\$14.56) + county (\$3.57) + vocational district (\$1.18) + town (\$1.27) + state (\$0.20).

**DNR payments would range from nearly 100% of the property tax which would have been collected, to a minimum of \$0.50 per acre.

¹For lands entered under the Forest Crop Law before 1972, total per acre receipts are \$0.30; on lands entered since 1972, receipts are \$0.40 per acre. Distribution is 40% to school district, 20% to county, and 40% to town. Beginning in 1976, distribution will be 20% to county and 80% to town.

²Beginning in FY 1977, a payment to the town of \$0.75 per acre will be made for NPS lands.

For lands within the county forest system, the state pays \$0.20 per acre to the town and \$0.10 per acre to the county. When timber is cut, the state receives a severance payment of 20% of the value of the stumpage, the towns receive 10% and the remainder is kept by the county. Gross receipts from timber harvested on the 2.25 million acres of county forest in recent years has averaged about \$0.60 per acre.

Privately owned forest lands entered under the Forest Crop Law are also tax exempt. The owner of Forest Crop Lands pays \$0.10 per acre annually (or \$0.20 if enrolled after 1971) to the town treasurer in lieu of property taxes; the state also contributes \$0.20. The proceeds (\$0.30 or \$0.40 per acre) beginning in 1976 are divided between the town (80%) and county (20%).

The National Park Service does not make payments in lieu of property taxes for lands which it manages, although 2 payment systems for NPS lands providing a minimum of \$0.75 per acre to town governments will begin in 1977. No in-lieu payments are provided for state trust lands, county lands which are not part of the county forest and town lands.

Table 5 thus shows how per acre revenues and their distribution will

TABLE 6. Receipts from the county forests in Burnett and Polk Counties.

	Burnett County	Polk County
Towns	\$0.271/acre	\$0.224/acre
County	0.597/acre	0.268/acre
Total	\$0.868. acre	\$0.492/acre

change as land moves from one ownership category to another. It might also help to explain why certain levels of government may prefer one category of public ownership to another. DNR ownership, for example, might be preferred to the Division of Trust Lands and Investments (Trust Lands) since the latter makes no payments in lieu of property taxes whereas the DNR provides a minimum payment of \$0.50 per acre to the town. On the other hand, the advantages of county forest ownership v. DNR ownership may not be so clear cut.

Nearly 5,200 acres of county forest were included within the

boundaries of the St. Croix River State Forest (Table 1). The towns of Sterling (Polk County) and Anderson (Burnett County) each had about 2,100 acres. Receipts from harvesting timber on the Burnett County Forest have averaged \$0.71 per acre in recent years; receipts from the Polk County Forest average \$0.24 per acre. As we noted above, these receipts are split 20:10:70 between state, towns, and county. Total per acre receipts from the Burnett and Polk County forests are shown in Table 6. These receipts include the state aid payment of \$0.20 per acre to towns, and the interest-free loan of \$0.10 per acre to counties.

TABLE 7. St. Croix River State Forest acquisitions by DNR, projected acquisitions, and tax base loss*

	Burnett		Polk		Total	
	Acres	1974 Full Value Assessment	Acres	1974 Full Value Assessment	Acres	1974 Full Value Assessment
Prior Ownership						
<u>Acquisitions to June 30, 1975</u>						
Wisconsin DNR	4,136	--	40	--	4,176	--
Wis. Div. of Trust Lands	429	--	--	--	429	--
County	528	--	810	--	1,338	--
Northern States Power	1,065	\$ 72,006	--	--	1,065	--
Private	2,446	246,755	478	\$56,046	2,924	--
Totals	8,604	\$318,761	1,328	\$56,046	9,932	\$374,807
<u>Projected Acquisitions: June 30, 1975 to May 1, 1980</u>						
Northern States Power	2,315	\$151,642	1,430	\$115,951	3,745	--
Private	900	71,350	100	8,000	1,000	--
Totals	3,215	\$222,992	1,530	\$123,951	4,745	\$346,943
GRAND TOTALS at May 1, 1980	11,819	\$541,753	2,858	\$179,997	14,677	\$721,750

*Determined by full value assessment.

TABLE 8. Tax base loss attributable to St. Croix National Scenic Riverway and St. Croix River State Forest, Burnett and Polk Counties.

	1974 Full Value Assessment		Total
	Burnett	Polk	
<u>National Scenic Riverway</u>			
Acquired as of May 1, 1974	\$133,901	\$ --	\$133,901
Projected acquisitions: May 1, 1974 - May 1, 1980	641,074	232,026	873,100
Totals	\$774,975	\$232,026	\$1,007,001
<u>St. Croix River State Forest</u>			
Acquired as of June 30, 1975	\$318,761	\$ 56,046	\$374,807
Projected acquisitions: June 30, 1975 - May 1, 1980	222,992	123,951	346,943
Totals	\$541,753	\$179,997	\$721,750
Grand total of tax base loss by 1980, in terms of 1974 full values	\$1,316,728	\$412,023	\$1,728,751
1974 equalized valuation of county	\$164,182,690	\$354,852,130	

Prior to the 1973 law referred to earlier, if the DNR acquired tax exempt property, such as county forest, it paid \$0.50 per acre to the town. Tax exempt property acquired by the DNR after August, 1973, however, qualifies for payments under the declining ad valorem schedule described above, the same as tax paying property. Thus, a "forty" acquired in 1974 from Burnett County in the town of Union will result in a 1974 payment to the Town of \$67.08 (\$2,600 assessment x .02580 tax rate), equal to \$1.68 per acre. The payment will decline by 10% each year until 1982 when it will stabilize at \$0.50 per acre.

From the narrow perspective of town government finances, DNR ownership may be preferable to county forest ownership; however, from the point of view of county government finance, county ownership may be preferable. In some cases, county forest management can be improved if land sale proceeds are used to "block in" the forest.

In the following section of this report the tax impact of the State Forest and National Scenic Riverway are analyzed for the respective counties, school districts, and each of the affected towns.

THE IMPACT OF ACQUISITIONS

ON COUNTY TAXES

DNR acquisitions in the St. Croix River State Forest totaled 9,932 acres on June 30, 1975 (Table 7). Of these, 4,176 were previously owned by DNR. The tax base loss attributable to the state forest is the value of property removed from the tax rolls for inclusion in the forest. As of June 30, 1975, the tax base loss, stated in full value terms, totaled \$374,807; \$318,761 came from Burnett County and \$56,046 came from Polk County. Although publicly owned land is not taxed as other private property, local governments received payments in lieu of property taxes on all but the 429 acres of Trust Lands.

For purposes of this study we estimate that additional acquisitions by DNR during the period June 30, 1975 to May 1, 1980 will amount to 4,745 acres (Table 7). One thousand acres will be acquired from individual landowners, (about 200 acres per year); title to 3,745 acres will be transferred to the DNR by NSP. The 1974 full value assessment of the total 4,745 acres (plus improvements, if any) is estimated at \$346,943, of which \$222,992 is in Burnett County and \$123,951 in Polk County.

By 1980, the total anticipated tax base loss attributable to DNR acquisitions, stated in terms of 1974 full values, will be \$721,750, of which \$541,753 will come from Burnett County and \$179,997 from Polk County (Table 7). The tax base loss represents considerably less than 1% of the total valuation of each county.

Acquisitions for the National Scenic Riverway are to come almost entirely from Northern States Power river front properties; only about 300 acres of individually owned private land, all of it in Burnett County, is to be acquired (Table 1). For purposes of this study we will assume that the acquisition goal for the National Scenic Riverway (within the St. Croix River State Forest) of 2,877 acres will be met by 1980. The full value assessment of these acres (plus improvements, if any) was \$1,007,001 at May 1, 1974; \$774,975 was in Burnett County and \$232,026 was in Polk County (Table 8).

The county tax rate in 1974, had there been no acquisitions either by the NPS or the DNR, is estimated as \$3.06 per \$1,000 of equalized valuation for Burnett County and \$3.92 per \$1,000 for Polk County (Case II in Table 9). The respective 1974 tax rates, assuming that all acquisitions which are to occur through May 1, 1980 had occurred in 1974, are \$3.08 for Burnett County and \$3.93 for Polk County (Case III in Table 9). Thus, the total impact of the two projects on the county tax rate is about \$0.027 per \$1,000 for Burnett County and \$0.005 for Polk County. Despite differences in acreage and valuation, impacts of the federal and state projects are roughly equal.

How are these county tax rate

impacts to be interpreted? If all of the acquisition activity of the 1970's were concentrated in a single year (1973-74), as analyzed in Table 8, we might expect to see substantial increase in taxes in that year. The increases observed, however, are quite small (\$0.027 for Burnett County and \$0.005 for Polk County), and since they represent ten years of acquisitions, instead of a single year's acquisitions, they correspond to perhaps ten times the average yearly impact of these Projects upon the county tax rates during the 1970's. But since acquisitions of the NPS and DNR over the decade of the 1970's will occur gradually, the tax impact in any given year will not be very great. A tax rate increase of

TABLE 9. Estimated impact upon county tax rates of acquisition for the St. Croix National Scenic Riverway and St. Croix River State Forest.

	Burnett Co.	Polk Co.
<u>CASE I: 1974 Actual</u>		
County levy	\$ 503,824	\$ 1,392,922
County valuation	164,182,690	354,832,130
County tax rate	.00306868	.00392558
<u>CASE II: 1974 With no Acquisitions</u>		
Actual county levy	503,824	1,392,922
Adjustment for loss of income from County Forest	(315)*	(217)*
Adjusted county levy	503,509	1,392,705
Actual county valuation	164,182,690	354,832,130
Adjustment for loss of tax base to May 1, 1974 (Table 8)	452,662	56,046
Adjusted county valuation	164,635,352	354,888,176
Adjusted county tax rate	.00305833	.00392435
<u>CASE III: 1974 With All Acquisitions to 1980</u>		
Actual county levy (1974)	503,824	1,392,922
Actual county valuation (1974)	164,182,690	354,832,130
Adjustment for estimated loss of tax base from May 1, 1974 to May 1, 1980 (Table 8)	(864,066)	(355,977)
Adjusted county valuation (1974)	163,318,624	354,476,153
Adjusted county tax rate (1974)	.00308491	.00392952
<u>TOTAL Tax Rate Impact</u>		
(CASE III) - (CASE II)	.00002658	.00000497
Attributable to National Scenic Riverway	.00001362	.00000247
Attributable to St. Croix River State Forest	.00001296	.00000250

*For Burnett County, 528 acres x \$0.597/acre. For Polk County, 810 acres x \$0.268/acre (see Table 6). The analysis does not take account of the proceeds from the sale of county forest to the DNR.

\$0.027 would raise the property tax by \$0.67 for a property owner with a home valued at \$25,000. The annual equivalent for the same property owner would be an increase in the county tax rate of about \$0.07 each year between 1970 and 1980.

ON SCHOOL TAXES

The tax for the school district accounts for about 70% of total property taxes in Wisconsin towns. Thus, the impact of NPS and DNR acquisitions upon the school tax is very important in determining the total tax rate impact. Table 10 provides a breakdown of Project acreage and valuation included within the Webster, Grantsburg, and St. Croix Falls school districts. Roughly speaking, about 50% of the Project acreage is in the Grantsburg district; about 25% is in each the Webster and St. Croix Falls districts.

Table 11 shows actual and estimated tax base loss attributable to the National Scenic Riverway and the State Forest for each of the three school districts. As in the county analysis (Table 9), the tax base loss is an estimate for the entire decade of the 1970's, stated in terms of 1974 full values. The bottom line of Table 11 shows the 1974 equalized valuation of each of the school districts.

In 1973, Wisconsin revised its system of general school aids so as to conform more closely with several court decisions on school financing and to provide increased property tax relief. Under the new system, referred to as "power equalization," the state guarantees a certain property valuation behind each pupil. This valuation is such that a reasonable tax rate, when applied against the guaranteed valuation, would meet average per pupil costs. In most school districts, property valuation falls short of the state guarantees so the state assumes the role of taxpayer on the amount of the shortfall.

In order to discourage above-average expenditure levels, districts with high per pupil costs face higher tax rates than lower cost districts. This is accomplished by means of dual aid levels whereby per pupil costs below 110% of the state average are aided at a higher, "primary aid" level than are costs in excess of 110% of the average, which are eligible for "secondary aid." The primary aid level for a particular school district is equal to the frac-

TABLE 10. Pre-1970 ownership pattern of lands in the Webster, Grantsburg, and St. Croix Falls school district, included in the St. Croix River State Forest (in acres).

Owner	Webster	Grantsburg	St. Croix Falls
State of Wisconsin	1,969	2,596	40
County	2,102	1,773	1,290
Towns	1	121	330
Northern States Power	1,194	4,751	3,696
National Scenic Riverway	(499)	(1,314)	(764)
St. Croix River State Forest	(694)	(2,687)	(1,430)
Retained by company	(-)	(749)	(1,502)
Private	3,691	7,310	2,265
National Scenic Riverway	(207)	(93)	(-)
St. Croix River State Forest	(3,484)	(7,217)	(2,265)
Totals	8,957	16,551	7,621

TABLE 11. Acquisitions in St. Croix National Scenic Riverway and St. Croix State Forest, actual to 1975 and estimated to 1980, by school district.

	Webster		Grantsburg		St. Croix Falls	
	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value
<u>National Scenic Riverway</u>						
Total project acreage	706		1,407		764	
Acquisitions to May 1, 1974	207	\$ 40,985	121	\$ 92,916	---	---
Estimated acquisitions May 1, 1974 to May 1, 1980	499	67,841	1,286	573,233	764	\$232,026
Total acquisitions by 1980	706	\$108,826	1,407	\$666,149	764	\$232,026
<u>St. Croix River State Forest</u>						
Total project acreage	8,251		15,144		6,857	
Acquisitions to June 30, 1975	4,215	\$181,513	4,389	\$137,248	1,328	\$ 56,046
Estimated acquisitions June 30, 1975 to May 1, 1980	969	95,404	2,246	127,588	1,530	123,951
Total acquisitions by 1980	5,184	\$276,917	6,635	\$264,836	2,858	\$179,997
Grand total of acquisitions (both projects)	5,890	\$385,743	8,041	\$930,985	3,622	\$412,023
1974 school district valuation		\$67,663,300		\$40,025,700		\$54,753,500

$$1 - \left(\frac{\text{per pupil valuation}}{\text{primary guaranteed valuation}} \right)$$

For the 1974-75 school year, the primary guaranteed valuation was set at \$75,500 per pupil in k-12* districts. The secondary aid level,

*Kindergarten through 12th grade.

which is always lower than the primary aid level, is equal to the fraction

$$1 - \left(\frac{\text{per pupil valuation}}{\text{secondary guaranteed valuation}} \right)$$

The secondary guaranteed valuation in k-12 districts is defined as the average valuation per pupil statewide and was equal to \$48,200 in 1974-75. Equalization aid is the

TABLE 12. Budgeted state aids and tax rate (actual, assuming no acquisitions, and assuming total 1970-80 acquisitions) for the Webster School District in the 1974-75 school year.

Statewide Parameters: 1974-75 School Year

A. Primary guaranteed valuation per pupil	\$74,500
B. Secondary guaranteed valuation per pupil	\$48,200
C. 110% of prior year's average per pupil shared costs	\$ 1,220

<u>Assumptions about School District</u>	I	II	III
	Actual	Assuming No Acquisitions	Assuming Total 1970-80 Acquisitions
1. Number of pupils	719	719	719
2. Net operating costs (incl. teacher retirement and social security)	\$842,165	\$842,165	\$842,165
3. Nonoperational costs (largely debt repayment and capital outlays)	44,244	44,244	44,244
4. Shared costs (net operating cost plus nonoperational costs up to \$100 per pupil limit)	866,409	866,409	866,409
5. Per pupil shared costs (line 4 + line 1)	1,233	1,233	1,233
6. Nonshared costs (excess of nonoperational costs over \$100 per pupil limit) (line(2+3) - line 4)	---	---	---
7. School district valuation in 1973	\$50,622,800	50,812,723	50,523,993
<u>State Aids</u>			
<u>Primary Aids</u>			
10. Primary guaranteed valuation	\$75,500	\$75,500	\$75,500
11. District valuation per pupil (line 7 + line 1)	70,407	70,671	70,270
12. Difference (line 10 - line 11)	5,093	4,829	5,230
13. Primary aid level (line 12 ÷ line 10)	6.75%	6.40%	6.93%
14. Primary costs (line 4 up to \$1,220 per pupil maximum)	877,180	877,180	877,180
15. Primary aids (line 13 x line 14)	59,210	56,100	60,789
<u>Secondary Aids</u>			
20. Secondary guaranteed valuation	\$48,200	\$48,200	\$48,200
21. District valuation per pupil (line 11)	70,407	70,671	70,270
22. Difference (line 20 - line 21)	-22,207	-22,471	-22,070
23. Secondary aid level (line 22 ÷ line 20)	-46.07%	-46.62%	-45.79%
24. Secondary costs (line 4 - line 14)	9,229	9,229	9,229
25. Secondary aids (line 23 x line 24)	-4,252	-4,303	-4,226
<u>Transitional Aids*</u>			
28. Transitional aids	\$64,074	\$66,602	\$62,790
30. Total aids (line 15 + line 25 + line 28)	119,032	118,399	119,353
40. School district levy (lines (2+3) - line 30)	767,377	768,010	767,056
50. School district valuation (1974)	67,663,300	67,885,798	67,500,055
60. Tax rate for school district (line 40 ÷ line 50)	.011341	.011313	.011364

*Transitional aid in 1974-75 is equal to 80% of the difference between general school aid in 1972-73 of \$135,050 and the sum of primary and secondary aid (lines 15 + 25).

Source: Data in column I are from Wisconsin Dept. of Public Instruction

Notes

Column I is the calculation of actual budgeted aid for the 1974-75 school year. In Column II, budgeted aid is calculated assuming that no acquisitions by the NPS and DNR had occurred. Thus, the 1974 valuation of the school district has been increased by (\$40,985 + \$181,513 =) \$222,498 (see Table 11). In Column III, budgeted aid is calculated assuming that all NPS and DNR acquisitions through 1980 occurred in 1974. Thus the 1974 valuation of the school district (line 50) has been reduced (over Column I) by (\$67,841 + \$95,404 =) \$163,245. (See Table 11.) Line 7, the school district valuation in the prior year (1973), is the basis for state aid payments. The ratio of line 7 to line 50 in Columns II and III is the same as the actual ratio in Column I.

TABLE 13. Budgeted state aids and tax rate (actual, assuming no acquisitions, and assuming total 1970-80 acquisitions) for the Grantsburg School District in the 1974-75 school year.

Statewide Parameters: 1974-75 School Year

A. Primary guaranteed valuation per pupil	\$75,500
B. Secondary guaranteed valuation per pupil	\$48,200
C. 110% of prior year's average per pupil shared costs	\$ 1,220

	I	II	III
	Actual	Assuming No Acquisitions	Assuming Total 1970-80 Acquisitions
<u>Assumptions about School District</u>			
1. Number of pupils	874	874	874
2. Net operating costs (incl. teacher retirement and social security)	\$1,001,200	\$1,001,200	\$1,001,200
3. Nonoperational costs (largely debt repayment and capital outlays)	113,650	113,650	113,650
4. Shared costs (net operating cost plus nonoperational costs up to \$100 per pupil limit)	1,088,600	1,088,600	1,088,600
5. Per pupil shared costs (line 4 + line 1)	1,246	1,246	1,246
6. Nonshared costs (excess of nonoperational costs over \$100 per pupil limit) (line (2+3) - line 4)	26,250	26,250	26,250
7. School district valuation in 1973	29,397,800	29,567,289	28,883,495
<u>State Aids</u>			
<u>Primary Aids</u>			
10. Primary guaranteed valuation	75,500	75,500	75,500
11. District valuation per pupil (line 7 + line 1)	33,636	33,830	33,047
12. Difference (line 10 - line 11)	41,864	41,670	42,453
13. Primary aid level (line 12 + line 10)	55.45%	55.19%	56.23%
14. Primary costs (line 4 up to \$1,220 per pupil maximum)	1,066,280	1,066,280	1,066,280
15. Primary aids (line 13 x line 14)	591,252	588,504	599,553
<u>Secondary Aids</u>			
20. Secondary guaranteed valuation	48,200	48,200	48,200
21. District valuation per pupil (line 11)	33,636	33,830	33,047
22. Difference (line 20 - line 21)	14,564	14,370	15,153
23. Secondary aid level (line 22 + line 20)	30.22%	29.81%	31.44%
24. Secondary costs (line 4 - line 14)	22,320	22,320	22,320
25. Secondary aids (line 23 x line 24)	6,745	6,654	7,017
30. Total aids (line 15 + line 25)	597,997	595,158	606,570
40. School district levy (line(2+3) - line 30)	516,853	519,692	508,280
50. School district valuation (1974)	40,025,700	40,255,864	39,324,879
60. Tax rate for school district (line 40+line 50)	.012913	.012910	.012925

Notes

Column I is the calculation of actual budgeted aid for the 1974-75 school year. In Column II, budgeted aid is calculated assuming that no acquisitions by the NPS and DNR had occurred. Thus, the 1974 valuation of the school district (line 50) has been increased by (\$92,916 + \$137,248 =) \$230,164 (Table 11). In Column III, budgeted aid is calculated assuming that all NPS and DNR acquisitions through 1980 occurred in 1974. Thus, the 1974 valuation of the school district (line 50) has been reduced (over Column I) by (\$573,233 + \$127,588 =) \$700,821 (Table 11). Line 7, the school district valuation in the prior year (1973) is the basis for state aid payments. The ratio of line 7 to line 50 in Columns II and III is the same as the actual ratio in Column I.

Source: Data in Column I are from Wisconsin Dept. of Public Instruction.

TABLE 14. Budgeted state aids and tax rate (actual, assuming no acquisitions, and assuming total 1970-80 acquisitions) for the St. Croix Falls School District in the 1974-75 school year.

Statewide Parameters: 1974-75 School Year

A. Primary guaranteed valuation per pupil	\$75,500
B. Secondary guaranteed valuation per pupil	\$48,200
C. 110% of prior year's average per pupil shared costs	\$ 1,220

<u>Assumptions about School District</u>	I	II	III
	Actual	Assuming No Acquisitions	Assuming Total 1970-80 Acquisitions
1. Number of pupils	1,123	1,123	1,123
2. Net operating costs (incl. teacher retirement and social security)	\$1,269,432	\$1,269,432	\$1,269,432
3. Nonoperational costs (largely debt repayment and capital outlays)	138,849	138,849	138,849
4. Shared costs (net operating cost plus nonoperational costs up to \$100 per pupil limit)	1,381,731	1,381,731	1,381,731
5. Per pupil shared costs (line 4 + line 1)	1,230	1,230	1,230
6. Nonshared costs (excess of nonoperational costs over \$100 per pupil limit) (line(2+3)-line 4)	26,549	26,549	26,549
7. School district valuation in 1973	42,940,600	42,984,507	42,661,378

State Aids

Primary Aids

10. Primary guaranteed valuation	75,500	75,500	75,500
11. District valuation per pupil (line 7 + line 1)	38,237	38,276	37,989
12. Difference (line 10 - line 11)	37,263	37,224	37,511
13. Primary aid level (line 12 ÷ line 10)	49.35%	49.30%	49.68%
14. Primary costs (line 4 up to \$1,220 per pupil maximum)	1,370,060	1,370,060	1,370,060
15. Primary aids (line 13 x line 14)	676,125	675,440	680,646

Secondary Aids

20. Secondary guaranteed valuation	48,200	48,200	48,200
21. District valuation per pupil (line 11)	38,237	38,276	37,989
22. Difference (line 20 - line 21)	9,963	9,924	10,211
23. Secondary aid level (line 22 ÷ line 20)	20.67%	20.59%	21.18%
24. Secondary costs (line 4 - line 14)	11,671	11,671	11,671
25. Secondary aids (line 23 x line 24)	2,412	2,403	2,472
30. Total aids (line 15 + line 25)	678,537	677,843	683,118
40. School district levy (line(2+3)-line 30)	729,743	730,438	725,163
50. School district valuation (1974)	54,753,500	54,809,546	54,397,523
60. Tax rate for school district (line 40 ÷ line 50)	.013328	.013327	.013331

Notes

Column I is the calculation of actual budgeted aid for the 1974-75 school year. In Column II, budgeted aid is calculated assuming that no acquisitions by the NPS and DNR had occurred. Thus, the 1974 valuation of the school district (line 50) has been increased by \$56,046 (Table 11). In Column III, budgeted aid is calculated assuming that all NPS and DNR acquisitions through 1980 occurred in 1974. Thus, the 1974 valuation of the school district (line 50) has been reduced (over Column I) by (\$232,026 + \$123,951 =) \$355,977 (Table 11). Line 7, the school district valuation in the prior year (1973), is the basis for state aid payments. The ratio of line 7 to line 50 in Columns II and III is the same as the actual ratio in Column I.

Source: Data in Column I are from Wisconsin Dept. of Public Instruction.

sum of primary and secondary aid (plus transitional aid for some school districts).

Under a fully implemented program of power equalized general school aids, the tax rate for school purposes will depend on only one factor — per pupil expenditures. Thus, school districts which spend alike will also tax alike, irrespective of differences in school district wealth.

The implications of the school aid formula with respect to public land are extremely important. If the value of the school district declines due to NPS and DNR acquisitions, the state makes up the taxes on the lost valuation. The effect of the formula is thus to stabilize the school district's tax rate despite changes in its tax base.

We can demonstrate how the formula applies to the NPS and DNR acquisitions in the Webster, Grantsburg, and St. Croix Falls School districts. Tables 12, 13, and 14 provide a detailed explanation of the operation of the formula for the 1974-75 school year in the three school districts. In each table, column I describes the actual process by which general school aids are budgeted. In column II, aids are recalculated under the assumption that no acquisitions have occurred; thus, the school district's 1974 valuations (line 50) are increased by the full value of acquisitions up to June 30, 1975 (or to May 1, 1974 for NPS acquisitions) as shown in Table 11. (The 1973 valuation must be adjusted as well — see line 7 of Tables 12, 13, and 14 — since state school aids are based upon school district valuation in the prior year.) In column III, aids are calculated once again, this time assuming that the total value of actual and estimated acquisitions through 1980 had been removed from the school district's 1974 valuation. Lines 40, 50, and 60 show the computation of the tax rate for the school district; the levy (line 40) is divided by the school district's valuation (line 50) to yield the tax rate (line 60). The relevant comparisons are between the rates in columns II and III and are summarized in Table 15.

The total tax rate change may be interpreted as the total impact upon the tax rates of the Webster, Grantsburg, and St. Croix Falls school districts of the NPS and DNR acquisitions between 1970 and 1980. Thus, it reflects the impact of the ten years' acquisitions condensed into a single year. The total impact of the acquisitions in each of the school districts is quite small; the average annual impact would be smaller yet.

A tax rate increase of \$0.05 would mean \$1.25 in additional property taxes for the owner of a \$25,000 property, or about a \$0.125 increase in school taxes each year over the ten-year period.

The distribution of the total tax rate impact between the two projects follows from the proportion of the total tax base loss represented by each (Table 11). In the Webster district, 39% of the impact is attributable to the NPS acquisitions and 61% to DNR. In the Grantsburg district, 72% is attributable to the NPS and 28% to the DNR. In the St. Croix Falls district, 56% is attributable to the NPS and 44% to DNR.

ON TOWN TAXES

The tax rate for town government in Wisconsin is quite low, the result of low levels of expenditure coupled with substantial payments from federal and state government. In 1974, 240 towns levied no tax for town purposes; 427 towns levied a town tax of less than \$1 per \$1,000 of equalized valuation. Statewide, the tax rate for town purposes averaged \$1.20 per \$1,000 of equalized valuation in 1974. Thus, the average acre of woodland (average value of \$78 per acre) paid \$0.10 in town taxes in 1974. If an acre of woodland is purchased by a public landowning agency, the \$0.10 potential tax loss must be made up from remaining taxable property, unless payments in lieu of property taxes are provided and are sufficient to counteract the potential loss. As we noted earlier, towns receive a minimum payment of \$0.50 per acre for DNR lands; currently no payment in lieu of taxes is made for NPS lands, but a payment of \$0.75 per acre will be made beginning in 1977. The net impact upon town taxes will largely depend upon whether reduced property tax receipts are replaced by payments in lieu of taxes. Secondary

impacts upon state shared taxes may also occur, but these will likely be quite small.

Per acre payments by the DNR in lieu of property taxes may be quite high initially, often over \$3 per acre, but they decline by 10% each year, stabilizing at 10% of the initial year's payment, or \$0.50 per acre, whichever is greater. Since we attempt to analyze the impact of ten years of acquisitions upon the tax rate for a single year (1974), we run into a problem with the DNR payments, since they vary from year to year. What we have decided to do is take 80% of the initial year's payments for the 9,932 acres which the Department acquired before June 30, 1975, and use a payment of \$0.50 per acre for the 4,745 acres of projected acquisitions between 1975 and 1980 (Table 7). Thus, an average per acre payment of about \$0.85 will be applied to DNR acquisitions in the St. Croix River State Forest during the 1970-80 decade.*

Town of Swiss, Burnett County. Within the project boundaries of the State Forest, there are 1,160 acres in the Town of Swiss, 200 acres belonging to the Northern States Power Co. (NSP) and 960 acres belonging to other private owners (Table 16). By 1980 we estimate 504 acres, with a 1974 equalized valuation of \$89,789, will have been acquired in the Town of Swiss (NPS: 108 acres and \$32,067; DNR: 396 acres and \$57,722).

Table 17 analyzes the impact of NPS and DNR acquisitions upon the

*In 1976, the average payment in lieu of property taxes for the 1,019,775 acres under DNR management was 71¢ per acre. This represents 50¢ per acre for 916,802 acres acquired prior to July 1, 1969, and an average of \$2.55 per acre for the 102,937 acres acquired after July 1, 1969. The average per acre payment of 85¢ used in this study is intended to reflect the preponderance of acreage acquired since 1969.

TABLE 15. Total impact on school district tax rate of NPS and DNR acquisitions.

School District	Tax Rate Assuming No Acquisitions (Col. II, Tables 12, 13, 14, line 60)	Tax Rate Assuming Total 1970-80 Acquisitions (Col. III, Tables 12, 13, 14, line 60)	Total Tax Rate Change (per \$1000 valuation)
Webster	.011313	.011364	+\$0.051
Grantsburg	.012910	.012925	+\$0.015
St. Croix Falls	.013327	.013331	+\$0.004

TABLE 16. NPS and DNR actual and estimated acquisitions in the Town of Swiss, Burnett County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR on June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1, 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-1980	
		1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value
Town of Swiss	1	--	--	--	--	--	--	--	--	--	--
Northern States Power:	(200)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	52	--	--	--	--	--	--	52	\$12,424	52	\$12,424
St. Croix River State Forest	148	--	--	--	--	148	\$14,535	--	--	148	14,535
Other private	959	128	\$28,187	56	\$19,643	120	15,000	--	--	304	62,830
Totals	1,160	128	\$28,187	56	\$19,643	268	\$29,535	52	\$12,424	504	\$89,789

tax for town purposes in Swiss. Case I describes the computation of the actual 1974 town tax rate. In Case II the town tax rate is recalculated under the assumption that no acquisitions by NPS and DNR had

occurred. Thus, the levy in Case II has been increased to take account of the loss in DNR payments in lieu of property taxes. Similarly, the tax base is increased to reflect the assumption that NPS and DNR acquisitions have been returned to

the tax rolls. The resultant tax rate in Case II is \$0.05 per \$1,000 of equalized valuation greater than in Case I, suggesting that these acquisitions have served to lower the town tax rate by that amount.

In Case III, the town tax rate is again recalculated, this time assuming that total actual and estimated acquisitions by the NPS and DNR during the 1970-80 period had occurred in 1974. That is to say, the entire tax base loss attributable to the two Projects between 1970 and 1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.01 per \$1,000 lower than the actual rate of Case I, suggesting that continued acquisitions by the NPS and DNR may decrease the town tax in Swiss.

The comparison between Case II and Case III is intended to reveal the total impact upon the town tax rate of the 10 years of acquisitions. The comparison should be interpreted in this way: if no acquisitions had occurred, the town tax rate in 1974 would have been \$0.30 per \$1,000; on the other hand, if total (actual and estimated) acquisitions between 1970 and 1980 of 504 acres had been removed all at once from the 1974 tax rolls, the 1974 town tax rate would have been \$0.24 per

TABLE 17. Impact of NPS and DNR acquisitions on Town of Swiss tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	\$ 2,094
(2) Town tax base	8,245,400
(3) Town tax rate (1) + (2)	.00025

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy: loss of DNR payments (\$28,187 x .01657 x .8)	374
(5) Adjusted town levy (1) + (4)	2,468
(6) Adjustments to town tax base: acquisitions to 1974	47,830
(7) Adjusted town tax base (2) + (6)	8,293,230
(8) Adjusted town tax rate (5) + (7)	.00030

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (268 acres x \$.050/acre)	-134
(10) Adjusted town levy (1) + (9)	1,960
(11) Adjustments to town tax base: acquisitions, 1975-80	-41,959
(12) Adjusted town tax base (2) + (11)	8,203,441
(13) Adjusted town tax rate (10) + (12)	.00024

TABLE 18. NPS and DNR actual and estimated acquisitions in the Town of Union, Burnett County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR on June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-1980	
		Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value
Wisconsin DNR	1,580	1,580	--	--	--	--	--	--	--	1,580	--
Wis. Division of Trust Lands	389	389	--*	--	--	--	--	--	--	389	--*
Burnett Co. Forest	2,102	528	--**	--	--	--	--	--	--	528	--**
Northern States Power:	(994)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	447	--	--	--	--	--	--	447	\$55,417	447	\$55,417
St. Croix River State Forest	546	64	\$2,649	--	--	481	\$44,819	--	--	545	47,468
Other private	2,732 ¹	1,526	150,667	151	\$21,342	220	21,050	--	--	1,897	193,069
Totals	7,797	4,087	\$153,326	151	\$21,342	701	\$65,869	447	\$55,417	5,386	\$295,954

* Previously tax-exempt; assessed at \$27,400 (equalized valuation = \$40,330) as of May 1, 1975 for purposes of DNR in-lieu payments.

** Previously tax-exempt, although making in-lieu payments. Assessed at \$34,800 (equalized valuation = \$51,220) as of May 1, 1974 for purposes of DNR in-lieu payments.

¹ Includes 100 acres under Forest Crop Law.

\$1,000. Thus, the ten-year impact of acquisitions is a reduction in the town tax rate of about \$0.06, or \$0.006 per year. The estimated tax rate reduction is attributable to DNR payments in lieu of taxes.

Town of Union, Burnett County. Within the project boundaries of the State Forest, there are 7,797 acres in the Town of Union, half of which were publicly owned before the Project began (Table 18). Of the balance, Northern States Power owned 994 acres; other private owners held 2,732 acres. By 1980, we estimate that 5,386 acres, with a 1974 equalized valuation of \$295,954, will have been acquired in the Town of Union (NPS: 598 acres and \$76,759; DNR: 4,788 acres and \$219,195).

Table 19 analyzes the impact of NPS and DNR acquisitions upon the tax for town purposes in Union. Case I describes the computation of the actual 1974 town tax rate. In Case II, the town tax rate is recalculated under the assumption that no acquisitions by NPS and DNR had occurred. Thus, the levy in Case II has been adjusted to take account of the loss in DNR payments and the return of County

TABLE 19. Impact of NPS and DNR acquisitions on Town of Union tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	\$ 6,134
(2) Town tax base	\$4,355,200
(3) Town tax rate (1) + (2)	.00141

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy	+3,328
(a) Loss of DNR payments (\$244,878 x .01772 x .8)	+3,471
(b) Return of county forest revenue (528 acres x .271/acre)	-143
(5) Adjusted town levy (1) + (4)	9,462
(6) Adjustments to town tax base: acquisitions to 1974	174,668
(7) Adjusted town tax base (2) + (6)	4,529,868
(8) Adjusted town tax rate (5) + (7)	.00209

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (701 acres x \$0.50/acre)	-350
(10) Adjusted town levy (1) + (9)	5,784
(11) Adjustments to town tax base: acquisitions, 1975-80	-121,286
(12) Adjusted town tax base (2) + (11)	4,233,914
(13) Adjusted town tax rate (10) + (12)	.00137

TABLE 20. NPS and DNR actual and estimated acquisitions in the Town of West Marshland, Burnett County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR on June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1, 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-1980	
		Acres	Value	Acres	Value	Acres	Value	Acres	Value	Acres	Value
Wisconsin DNR	2,349	2,349	--	--	--	--	--	--	--	2,349	--
Burnett Co. Forest	360	--	--	--	--	--	--	--	--	--	--
Town of West Marshland	80	--	--	--	--	--	--	--	--	--	--
Northern States Power:	(2,024)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	445	--	--	--	--	--	--	445	\$24,848	445	\$24,848
St. Croix River State Forest	1,578	--	--	--	--	1,578	\$83,897	--	--	1,578	83,897
Other private	3,563	340	\$31,450	10	\$1,215	400	22,500	10	1,735	760	56,900
Totals	8,376	2,689	\$31,450	10	\$1,215	1,978	\$106,397	455	\$26,583	5,132	\$165,645

TABLE 21. Impact of NPS and DNR acquisitions on Town of West Marshland tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	\$806
(2) Town tax base	1,611,800
(3) Town tax rate (1) ÷ (2)	.00050

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy: loss of DNR payments ((\$31,450 x .00876 x .8)	220
(5) Adjusted town levy (1) + (4)	1,026
(6) Adjustments to town tax base: acquisitions to 1974	32,665
(7) Adjusted town tax base (2) + (6)	1,644,465
(8) Adjusted town tax rate (5) ÷ (7)	.00062

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (1978 acres x \$0.50/acre)	-989
(10) Adjusted town levy (1) + (9)	-183 (surplus)
(11) Adjustments to town tax base: acquisitions, 1975-80	-132,980
(12) Adjusted town tax base (2) + (11)	1,478,820
(13) Adjusted town tax rate (10) ÷ (12)	-.00012 (credit)

Forest revenues. Similarly, the tax base is adjusted to reflect the assumption that NPS and DNR acquisitions have been returned to the tax rolls. The resultant tax rate in Case II is \$0.68 per \$1,000 of equalized valuation greater than in Case I, suggesting that these acquisitions have served to lower the town tax rate by that amount.

In Case III, the town tax rate is again recalculated, this time assuming that total actual and estimated acquisitions by the NPS and DNR during the 1970-80 period had occurred in 1974. That is to say, the entire tax base loss attributable to the two Projects between 1970 and 1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.04 per \$1,000 lower than the actual rate of Case I, suggesting that continued acquisitions by the NPS and DNR may decrease the town tax in Union.

The comparison between Case II and Case III is intended to reveal the total impact upon the town tax

rate of the 10 years of acquisitions. The comparison should be interpreted in this way: if no acquisitions had occurred, the town tax rate in 1974 would have been \$2.09 per \$1,000; on the other hand, if total (actual and estimated) acquisitions between 1970 and 1980 of 5,386 acres had been removed all at once from the 1974 tax rolls, the 1974 town tax rate would have been \$1.37 per \$1,000. Thus, the ten-year impact of acquisitions is a reduction in the town tax rate of about \$0.72, or just over \$0.07 per year. The entire tax rate reduction is attributable to DNR payments in lieu of taxes. NPS acquisitions, taken by themselves, would have increased the tax rate by about \$0.03 per \$1,000; DNR acquisitions, taken alone would have reduced the tax rate by \$0.75 per \$1,000. Taken together, the net impact of the two Projects on the town tax rate is a reduction of \$0.72 per \$1,000.

Town of West Marshland, Burnett County. Within the project boundaries of the State Forest, there are 8,376 acres in the Town of West Marshland, a third of which was publicly owned before the Project began (Table 20). Just over 2,000 acres belonged to Northern States Power; other private owners held 3,563 acres. By 1980 we estimate that 5,132 acres, with a 1974 equalized valuation of \$165,645, will have been acquired in the Town of West Marshland (NPS: 465 acres and \$27,798; DNR: 4,667 acres and \$137,847).

Table 21 analyzes the impact of NPS and DNR acquisitions upon the tax for town purposes in West Marshland. Case I describes the computation of the actual 1974 town tax rate. In Case II the town tax rate is recalculated under the assumption that no acquisitions by NPS and DNR had occurred. Thus, the levy in Case II has been increased to take account of the loss in DNR payments in lieu of property taxes. Similarly, the tax base is increased to reflect the assumption that NPS and DNR acquisitions have been returned to the tax rolls. The resultant tax rate in Case II is \$0.12 per \$1,000 of equalized valuation greater than in Case I, suggesting that these acquisitions have served to lower the town tax rate by that amount.

In Case III, the town tax rate is again recalculated, this time assuming that total actual and estimated acquisitions by the NPS and DNR during the 1970-80 period had occurred in 1974. That is to say, the entire tax base loss attributable to the two Projects between 1970 and

1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.62 per \$1,000 lower than the actual rate of Case I, suggesting that continued acquisitions by the NPS and DNR may decrease the town tax in West Marshland.

The comparison between Case II and III is intended to reveal the total impact upon the town tax rate of the 10 years of acquisitions. The comparison should be interpreted in this way: if no acquisitions had occurred, the town tax rate in 1974 would have been about \$0.62 per \$1,000; on the other hand if total (actual and estimated) acquisitions between 1970 and 1980 of 5,132 acres had been removed all at once from the 1974 tax rolls, the 1974 town tax rate would have been zero, with a credit of \$0.12 per \$1,000 which could have been used to reduce the school or county tax. Thus, the ten-year impact of acquisitions is a reduction in the town tax rate of about \$0.74, or \$0.074 per year. The entire tax rate reduction is attributable to DNR payments in lieu of taxes.

Town of Grantsburg, Burnett County. Within the project boundaries of the State Forest, there are 4,539 acres in the Town of Grantsburg, nearly all of it privately owned (Table 22). Northern States Power owned 1,323 acres, 280 of which will be retained for possible development. Other private owners held 2,990 acres in 1970. By 1980, we estimate that 1,746 acres, with a 1974 equalized valuation of \$342,196, will have been acquired in the Town of Grantsburg (NPS: 578 acres and \$264,106; DNR: 1,168 acres and \$78,090).

Table 23 analyzes the impact of NPS and DNR acquisitions upon the tax for town purposes in Grantsburg. Case I describes the computation of the actual 1974 town tax rate. In Case II the town tax rate is recalculated under the assumption that no acquisitions by NPS and DNR had occurred. Thus, the levy in Case II has been increased to take account of the loss in DNR payments in lieu of property taxes. Similarly, the tax base is increased to reflect the assumption that NPS and DNR acquisitions have been returned to the tax rolls. The resultant tax rate in Case II is \$0.15 per \$1,000 of equalized valuation greater than in Case I, suggesting that these acquisitions have served to lower the town tax rate by that

amount.

In Case III, the town tax rate is again recalculated, this time assuming that total actual and estimated acquisitions by the NPS and DNR during the 1970-80 period had occurred in 1974. That is to say, the entire tax base loss attributable to the two Projects between 1970 and 1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, that the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.01 per \$1,000 lower than the actual rate of Case I, suggesting that continued acquisitions by the NPS and DNR may have almost no effect upon the town tax in Grantsburg.

The comparison between Case II and Case III is intended to reveal the total impact upon the town tax rate of the 10 years of acquisitions. The comparison should be interpreted in this way: if no acquisitions had occurred, the town tax rate in 1974 would have been about \$0.15 per \$1,000; on the other hand, if total (actual and estimated) acquisitions between 1970 and 1980 of 1,746 acres had been removed all at once from the 1974 tax rolls, the 1974 town tax rate would have been zero (actually a credit of \$0.01 per \$1,000). Thus, the ten-year impact of acquisitions is a reduction in the town tax rate of about \$0.16, or \$0.016 per year. The entire tax rate reduction is attributable to DNR payments in lieu of taxes.

Town of Anderson, Burnett County. Within the project boundaries of the State Forest, there are 3,820 acres in the Town of Anderson (Table 24). When the Project began in 1970, Burnett County and Northern States Power each owned about 1,400 acres; other private owners held 941 acres. Northern States Power plans to retain ownership of 469 acres within the State Forest for possible future development. By 1980, we estimate that 1,164 acres, with a 1974 equalized valuation of \$423,144, will have been acquired in the Town of Anderson (NPS: 364 acres and \$374,245; DNR: 800 acres and \$48,899).

Table 25 analyzes the impact of NPS and DNR acquisitions upon the tax for town purposes in Anderson. Case I describes the computation of the actual 1974 town tax rate. In Case II the town tax rate is recalculated under the assumption that no acquisitions by NPS and DNR had occurred. Thus, the levy in Case II has been increased to take

TABLE 22. NPS and DNR actual and estimated acquisitions in the Town of Grantsburg, Burnett County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR on June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1, 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-1980	
		Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value
Wisconsin DNR	167	167	--	--	--	--	--	--	--	167	--
Burnett County	18	--	--	--	--	--	--	--	--	--	--
Town of Grantsburg	41	--	--	--	--	--	--	--	--	--	--
Northern States Power:	(1,323)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	528	--	--	46	\$22,916	--	--	482	\$185,978	528	\$208,894
St. Croix River State Forest	515	502	\$34,919	--	--	13	\$1,135	--	--	515	36,054
Retained by company	280	--	--	--	--	--	--	--	--	--	--
Other private	2,990	366	31,536	42	54,212	120	10,500	8	1,000	536	97,248
Totals	4,539	1,035	\$66,455	88	\$77,128	133	\$11,635	490	\$186,978	1,746	\$342,196

account of the loss in DNR payments in lieu of property taxes. Similarly, the tax base is increased to reflect the assumption that NPS and DNR acquisitions have been returned to the tax rolls. The resultant tax rate in Case II is \$0.19 per \$1,000 of equalized valuation greater than in Case I, suggesting that these acquisitions have served to lower the town tax rate by that amount.

In Case III, the town tax rate is again recalculated, this time assuming that total actual and estimated acquisitions by the NPS and DNR during the 1970-80 period had occurred in 1974. That is to say, the entire tax base loss attributable to the two Projects between 1970 and 1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.03 per \$1,000 lower than the actual rate of Case I, suggesting that continued acquisitions by the NPS and DNR may have very little effect upon the town tax in Anderson.

The comparison between Case II and Case III is intended to reveal

TABLE 23. Impact of NPS and DNR acquisitions on Town of Grantsburg tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	0
(2) Town tax base	\$5,716,140
(3) Town tax rate (1) + (2)	.00000

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy: loss of DNR payments ((\$66,455 x .01598 x .8)	850
(5) Adjusted town levy (1) + (4)	850
(6) Adjustments to town tax base: acquisitions to 1974	143,583
(7) Adjusted town tax base (2) + (6)	5,859,723
(8) Adjusted town tax rate (5) + (7)	.00015

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (133 acres x \$0.50/acre)	-66
(10) Adjusted town levy (1) + (9)	-66 (surplus)
(11) Adjustments to town tax base: acquisitions, 1975-80	-198,613
(12) Adjusted town tax base (2) + (11)	5,517,527
(13) Adjusted town tax rate (10) + (12)	-.00001 (credit)

TABLE 24. NPS and DNR actual and estimated acquisitions in the Town of Anderson, Burnett County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR On June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1, 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-1980	
		1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value	1974 Full Acres	1974 Full Value
Wisconsin DNR	40	40	--	--	--	--	--	--	--	40	--
Wis. Division of Trust Lands	40	40	--*	--	--	--	--	--	--	40	--*
Burnett Co. Forest	1,395	--	--	--	--	--	--	--	--	--	--
Northern States Power:	(1,404)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	341	--	--	--	--	--	--	341	\$359,672	341	\$359,672
St. Croix River State Forest	594	499	\$34,438	--	--	95	\$7,256	--	--	594	41,694
Retained by company	469	--	--	--	--	--	--	--	--	--	--
Other private	941	86**	4,905	23	\$14,573	40	2,300	--	--	149	21,778
Totals	3,820	665	\$39,343	23	\$14,573	135	\$9,556	341	\$359,672	1,164	\$423,144

* Previously tax-exempt; assessed at \$3000 (equalized valuation = \$5728) as of May 1, 1975 for purposes of DNR in-lieu payments.

**Includes 13.5 acres from Burlington Northern Railroad which were tax-exempt.

TABLE 25. Impact of NPS and DNR acquisitions of Town of Anderson tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	0
(2) Town tax base	\$3,004,550
(3) Town tax rate (1) + (2)	.00000

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy: loss of DNR payments (\$45,071 x .01609 x .8)	580
(5) Adjusted town levy (1) + (4)	580
(6) Adjustments to town tax base: acquisitions to 1974	53,916
(7) Adjusted town tax base (2) + (6)	3,058,466
(8) Adjusted town tax rate (5) + (7)	.00019

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (135 acres x \$0.50/acre)	-67
(10) Adjusted town levy (1) + (9)	-67 (surplus)
(11) Adjustments to town tax base: acquisitions, 1975-80	-369,228
(12) Adjusted town tax base (2) + (11)	2,635,322
(13) Adjusted town tax rate (10) + (12)	-.00003 (credit)

the total impact upon the town tax rate of the 10 years of acquisitions. The comparison should be interpreted in this way: if no acquisitions had occurred, the town tax rate in 1974 would have been about \$0.19 per \$1,000; on the other hand, if total (actual and estimated) acquisitions between 1970 and 1980 of 1,165 acres had been removed all at once from the 1974 tax rolls, the 1974 town tax rate would have been zero (actually a credit of \$0.03 per \$1,000). Thus, the ten-year impact of acquisitions is a reduction in the town tax rate of about \$0.22, or just over \$0.02 per year. The entire tax rate reduction is attributable to DNR payments in lieu of taxes.

Town of Sterling, Polk County. Within the project boundaries of the State Forest, there are 7,208 acres in the Town of Sterling, nearly half of which is owned by Northern States Power (Table 26). The Company plans to retain ownership of 1,502 acres within the Forest boundary for possible future development. Polk County owned 1,290 acres within the Forest boundary in 1970, and 2,194 acres belonged to other private owners. By 1980 we estimate that 3,260 acres, with a

TABLE 26. NPS and DNR actual and estimated acquisitions in the Town of Sterling, Polk County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR on June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1, 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-1980	
		Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value	Acres	1974 Full Value
Wisconsin DNR	40	40	--	--	--	--	--	--	--	40	--
Polk County Forest	1,290	810	--	--	--	--	--	--	--	810	--
Town of Sterling	330	--	--	--	--	--	--	--	--	--	--
Northern States Power:	(3,354)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	694	--	--	--	--	--	--	694	\$230,760	694	\$230,760
St. Croix River State Forest	1,158	--	--	--	--	1,158	\$104,943	--	--	1,158	104,943
Retained by company	1,502	--	--	--	--	--	--	--	--	--	--
Other private	2,194	478	\$56,046	--	--	80	6,000	--	--	558	62,046
Totals	7,208	1,328	\$56,046	--	--	1,238	\$110,943	694	\$230,760	3,260	\$397,749

1974 equalized valuation of \$397,749, will have been acquired in the Town of Sterling (NPS: 694 acres and \$230,760; DNR: 2,566 acres and \$166,989).

Table 27 analyzes the impact of NPS and DNR acquisitions upon the tax for town purposes in Sterling. Case I describes the computation of the actual 1974 town tax rate. In Case II, the town tax rate is recalculated under the assumption that no acquisitions by NPS and DNR has occurred. Thus, the levy in Case II has been adjusted to take account of the loss in DNR payments and the return of County Forest Revenues. Similarly, the tax base is adjusted to reflect the assumption that NPS and DNR acquisitions have been returned to the tax rolls. The resultant tax rate in Case II is \$0.11 per \$1,000 of equalized valuation greater than in Case I, suggesting that these acquisitions have served to lower the town tax rate by that amount.

In Case III, the town tax rate is again recalculated, this time assuming that total actual and estimated acquisitions by the NPS and DNR during the 1970-80 period had occurred in 1974. That is to say, the entire tax base loss attributable to

TABLE 27. Impact of NPS and DNR acquisitions on Town of Sterling tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	0
(2) Town tax base	\$5,522,900
(3) Town tax rate (1) ÷ (2)	.00000

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy	593
(a) Loss of DNR payments (\$56,046 x .01726 x .8)	+774
(b) Return of county forest revenue (810 acres x .224/acre)	-181
(5) Adjusted town levy (1) + (4)	593
(6) Adjustments to town tax base: acquisitions to 1974	56,046
(7) Adjusted town tax base (2) + (6)	5,578,946
(8) Adjusted town tax rate (5) ÷ (7)	.00011

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (1238 acres x \$0.50/acre)	-619
(10) Adjusted town levy (1) + (9)	-619 (surplus)
(11) Adjustments to town tax base: acquisitions, 1975-80	-341,703
(12) Adjusted town tax base (2) + (11)	5,181,197
(13) Adjusted town tax rate (10) ÷ (12)	-.00012 (credit)

TABLE 28. NPS and DNR actual and estimated acquisitions in the Town of Eureka, Polk County, 1970-80.

1970 Ownership	Acres Within Project Boundary	Acquired by DNR on June 30, 1975		Acquired by NPS on May 1, 1974		Estimated DNR Acquisitions, June 30, 1975 to May 1, 1980		Estimated NPS Acquisitions, May 1, 1974 to May 1, 1980		Total Tax Base Loss Actual and Estimated 1970-80	
		Acres	Value	Acres	Value	Acres	Value	Acres	Value	Acres	Value
Northern States Power:	(342)	--	--	--	--	--	--	--	--	--	--
Federal Scenic Riverway	70	--	--	--	--	--	--	70	\$1,266	70	\$1,266
St. Croix River State Forest	272	--	--	--	--	272	\$11,008	--	--	272	11,008
Other private	71	--	--	--	--	20	2,000	--	--	20	2,000
Totals	413	--	--	--	--	292	\$13,008	70	\$1,266	362	\$14,274

the two Projects between 1970 and 1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.12 per \$1,000 lower than the actual rate of Case I, suggesting that continued acquisitions by the NPS and DNR may decrease the town tax in Sterling.

The comparison between Case II and Case III is intended to reveal the total impact upon the town tax rate of the 10 years of acquisitions. The comparison should be interpreted in this way: if no acquisitions had occurred, the town tax rate in 1974 would have been about \$0.11 per \$1,000; on the other hand, if total (actual and estimated) acquisitions between 1970 and 1980 of 3,260 acres had been removed all at once from the 1974 tax rolls, the 1974 town tax rate would have been zero (actually a credit of \$0.12 per \$1,000). Thus, the ten-year impact of acquisitions is a reduction in the town tax rate of about \$0.23, or just over \$0.02 per year. The entire tax rate reduction is attributable to DNR payments in lieu of taxes.

Town of Eureka, Polk County. Within the project boundaries of the State Forest, there are 413 acres in the Town of Eureka, 80% of which is owned by Northern States Power

TABLE 29. Impact of NPS and DNR acquisitions of Town of Eureka tax (actual 1974 town tax, estimated tax assuming no acquisitions and assuming total 1970-80 acquisitions).

CASE I: 1974 Actual

(1) Town levy	\$30,125
(2) Town tax base	11,567,400
(3) Town tax rate (1) + (2)	.00260

CASE II: 1974 Assuming No Acquisitions

(4) Adjustments to town levy: loss of DNR payments	--
(5) Adjusted town levy (1) + (4)	30,125
(6) Adjustments to town tax base: acquisitions to 1974	--
(7) Adjusted town tax base (2) + (6)	11,567,400
(8) Adjusted town tax rate (5) + (7)	.00260

CASE III: 1974 Assuming All Acquisitions to 1980

(9) Adjustments to town levy: increase in DNR payments (292 acres x \$0.50/acre)	-146
(10) Adjusted town levy (1) + (9)	29,979
(11) Adjustments to town tax base: acquisitions, 1975-80	-14,274
(12) Adjusted town tax base (2) + (11)	11,553,126
(13) Adjusted town tax rate (10) + (12)	.00259

(Table 28). The balance is held by other private owners. By 1980, we estimate that 362 acres, with a 1974 equalized valuation of \$14,274, will have been acquired in the Town of Eureka (NPS: 70 acres and \$1,266; DNR: 292 acres and \$13,008).

Table 29 analyzes the impact of NPS and DNR acquisitions upon the

tax for town purposes in Eureka. Case I describes the computation of the actual 1974 town tax rate. Case II for Eureka is the same as Case I since no acquisitions had occurred by 1975. In Case III, the town tax rate is recalculated assuming that estimated acquisitions by the NPS and DNR during the 1975-80 period

TABLE 30. Total estimated impact of NPS and DNR acquisitions within St. Croix River State Forest on the tax rate. (Tax rate impact stated in cents per \$1000 of equalized valuation).

County and Town	10-year Impact* on Tax Rate For:			Total 10-year Impact (1)+(2)+(3)	Average Annual Impact col. (4)+10 (5)	Secondary Impact on:		Total Estimated Average Annual Impact on Tax Rate (5) - (6)+(7) (8)
	County (1)	School District** (2)	Town (3)			Shared Taxes ¹ (6)	Tax Credits ² (7)	
Burnett County								
Swiss	+0.027	+0.051	-0.059	+0.019	+0.002	0.000	0.000	+0.002
Union	+0.027	+0.051	-0.723	-0.645	-0.065	-0.007	-0.015	-0.043
West Marshland	+0.027	+0.015	-0.748	-0.706	-0.071	0.000	0.000	-0.071
Grantsburg	+0.027	+0.015	-0.158	-0.116	-0.012	-0.001	-0.003	-0.008
Anderson	+0.027	+0.015	-0.215	-0.173	-0.017	-0.002	-0.004	-0.011
Polk County								
Sterling	+0.005	+0.004	-0.226	-0.217	-0.022	-0.002	-0.005	-0.015
Eureka	+0.005	+0.004	-0.010	-0.001	0.000	0.000	0.000	0.000

* "Ten-year impacts" refer to the estimated difference in the tax rates between a situation which assumes no acquisitions have occurred (Case II) and one which assumes ten years of acquisitions have occurred (Case III). See text for explanation and discussion of assumptions.

**Swiss and Union are in the Webster School District; West Marshland, Grantsburg and Anderson are in the Grantsburg School District. The affected portions of Sterling and Eureka are in the St. Croix Falls School District.

¹ Shared taxes and tax credits are paid to municipalities whose three-year average tax rate exceeds about \$17 per \$1000. West Marshland was not eligible for shared taxes and tax credits, according to this criterion. The impact of NPS and DNR acquisitions on shared taxes is estimated as col.(5) x the statewide factor for shared taxes in 1974 of .129032 x the proportion of shared taxes which the municipality receives, .8375. (The county receives the remaining .1625.)

² See footnote ¹. The impact of NPS and DNR acquisitions on tax credits is estimated as col.(5) x the statewide factor for tax credits paid in 1975 of .236143.

TABLE 31. Distribution of total tax rate impact between NPS and DNR.

County and Town	Total Tax Rate Impact* of:		
	Both Projects Taken Together	National Scenic Riverway, Taken by Itself	State Forest, Taken by Itself
Burnett County			
Swiss	+0.002	+0.003	-0.001
Union	-0.043	+0.005	-0.046
West Marshland	-0.071	+0.004	-0.073
Grantsburg	-0.008	+0.002	-0.009
Anderson	-0.011	+0.003	-0.013
Polk County			
Sterling	-0.015	+0.001	-0.014
Eureka	0.000	+0.001	-0.001

*Impacts stated in cents per \$1000 of equalized valuation.

had occurred in 1974. That is to say, the entire tax base loss attributable to the two Projects between 1975 and 1980 has been removed from the tax rolls in 1974. Thus, the actual 1974 levy is reduced by the amount of the additional DNR payments in lieu of taxes; also, the 1974 tax base is reduced by the value of estimated NPS and DNR acquisitions to the end of the decade. The resultant tax rate is \$0.01 per \$1,000 lower than the actual rate of Case I, suggesting that acquisitions by the NPS and DNR may have almost no effect upon the town tax in Eureka.

THE TOTAL IMPACT UPON TAXES

In the preceding sections, we analyzed the impact of NPS and DNR acquisitions upon county, school, and town taxes. In the present section, we draw the pieces together to show the overall impact of acquisitions upon the total tax rate.

Table 30 provides a summary of the impacts determined in the earlier sections, arranged according to town. Thus, the first entry in Table 30, for the town of Swiss, shows the impact of 10 years of acquisitions upon the tax rate for Burnett County, the Webster School District and the Town of Swiss. The last entry, for Eureka, shows the impact of acquisitions upon the tax rate for Polk County, the St. Croix Falls School District, and the Town of Eureka.

Column (4) of Table 30 shows the total impact upon the tax rate for the county, school district, and town for the ten-year period 1970-1980. The average annual impact estimated in Column (5) is simply one-tenth of the ten-year impact.

State shared taxes and tax credits are keyed to the total tax rate in a municipality; the higher the tax rate, the more state payments, and vice versa. Thus, if the tax rate in a certain municipality declines, as is suggested by the figures in Column (5), state shared taxes and tax credits will decline. The loss is made

up by increasing the property tax levy, which causes the tax rate to increase, offsetting part of the initial tax rate decline (cols. 6, 7, and 8). Similarly, if the tax rate were to increase initially, shared taxes and tax credits would also increase, serving to drive the tax rate down again.

The average annual impact on taxes in each of the towns is shown in Column (8). This figure should be interpreted as the annual change in the total tax rate over the decade of the 1970's attributable to NPS and DNR acquisitions. Thus, it is estimated that the total tax rate in the Town of Union will decline, on the average, by \$0.043 per \$1,000 of equalized valuation *each* year between 1970 and 1980. By the end of the decade, acquisitions within the St. Croix River State Forest will have caused the total tax rate in Union to decline by about \$0.43 per \$1,000 over what it would have been if no acquisitions had occurred.

It should be noted that the tax rate impacts in Column (8) are typically quite low; for five of the

seven towns, the estimated annual impact is \$0.015 or lower. For most of the towns, the net effect of acquisitions is to reduce taxes, rather than increase them. This is due to the fact that DNR payments in lieu of taxes exceed property tax receipts which the town would otherwise realize.

Throughout this report we have attempted to isolate the respective individual tax impacts of the National Scenic Riverway and the State Forest. Table 31 shows the total tax impact which would be attributable to either Project in the absence of the other. The first column in Table 31 repeats Column (8) of Table 30. The middle column in Table 31 shows that the net effect of the NPS acquisitions, taken by themselves, would be a small tax rate increase which in none of the towns exceeds \$0.005 per \$1,000 of equalized valuation. The final column in Table 31 indicates that the impact of DNR acquisitions, taken alone, is not unlike the impact of the two projects taken together.

SUMMARY AND CONCLUSIONS

In this study we have attempted to identify the impact upon local property taxes of state and federal acquisitions within the St. Croix River State Forest. The analysis is complicated by several factors, such as the number of individual governmental units which are affected (7 towns, 2 counties, 3 school districts), the definition of a measure of the tax impact, and the need to separate out the respective impacts attributable to acquisitions by DNR for the State Forest from those attributable to the NPS for the National Scenic Riverway.

As our measure of the tax impact of acquisitions, we used the tax rate difference between a no-acquisition case, corresponding to the 1970 land ownership pattern within the forest boundary, and a total 10-year acquisition case, corresponding to the anticipated land ownership pattern of 1980. Since we cannot compare a 1970 tax with a 1980 tax, and since we are half way

through the 1970-1980 period already, we decided to do two recalculations of current year's (1974) taxes. The first recalculation assumed no acquisitions had occurred; that is, we estimated the 1974 property tax assuming the 1970 land ownership pattern. The second recalculation assumed that all anticipated acquisitions to 1980 had occurred by 1974; thus, we estimated the 1974 property tax assuming the 1980 land ownership pattern. The tax rate difference between the two recalculations of 1974 taxes served as the measure of the tax impact of the State Forest. The separate impacts attributable to DNR and NPS acquisitions respectively were also identified.

The effect on taxes was found to be very slight. Together, the State Forest and National Scenic Riverway would result in lower total taxes in five of the seven towns, no changes in one town, and a small increase in the other town. Ac-

quisitions for the National Scenic Riverway, taken alone, would increase taxes very slightly in each of the towns. Acquisitions for the State Forest, taken alone, would decrease taxes in each of the towns, due to DNR's program for payments in lieu of property taxes. No such payments were provided for the National Scenic Riverway, although a law recently enacted by Congress provides for federal payments on NPS lands, to begin in 1977. The total impact of the two projects taken together ranged from a tax rate increase of \$0.002 per \$1,000 full value in one town to a decrease of \$0.071 per \$1,000 in another. All of the tax rate changes observed were well under one percent of the total tax rate, which ranges from \$8.76 to \$22.06 per \$1,000 for the seven towns.

Public land acquisition does not change tax rates because: (1) the county tax rate does not change much because the county's tax base

is extremely large; (2) lower tax base means increased school aids, which offset most of the loss in school tax revenue; (3) payments to towns in-lieu of property taxes offset losses in town tax revenue, and may even provide extra revenue for the town; (4) any initial change in county, school or town tax rates is partially offset by changes in state shared taxes and tax credits.

Increases in the amount of public land in a town do not change tax rates for local people. Yet this land was once paying taxes, so who makes up for the loss? The state

makes up much of the loss, through increase 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. Thus, everyone in the state pays a very small amount of the costs of public lands. The general public pays the costs, which is reasonable since the general public benefits from public lands. The property tax system generally assures 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 any significantly 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.

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