



# Jeff Mursau

STATE REPRESENTATIVE • 36<sup>TH</sup> ASSEMBLY DISTRICT

## Assembly Bill 700 – Managed Forest Law Update

Assembly Committee on Environment and Forestry

*By Representative Jeff Mursau*

*February 4, 2014*

Vice Chairman Krug and Committee members,

Thank you for being here to listen to public testimony regarding Assembly Bill 700, a Managed Forest Law reform bill.

I drafted AB 700 on behalf of the Wisconsin Council on Forestry, an organization of which I belong. The bill was written to reflect the recommendations produced by the Council and its members representing a wide range of forest stakeholders.

The Council, by statute is charged with advising the governor, legislature, Department of Natural Resources, and other state agencies on a host of forestry issues in the state, including:

- The practice of sustainable forestry, as defined in state statute 28.04 (1) (e)
- Protection of forests from fire, insects, and disease
- Reforestation and forest genetics
- Management and protection of urban forests
- Public knowledge and awareness of forestry issues
- Forestry research
- Economic development and employment in the forestry industry
- Marketing and use of forest products
- Legislation affecting management of Wisconsin's forest lands
- Staffing and funding needs for forestry programs conducted by the state

Current Council priorities include:

- Timber supply
- Managed Forest Law program
- Forest certification
- Deer impacts on Wisconsin forests
- Forestry education

Members of the Council, by statute include:

- Urban and community forestry
- Lumber industry
- Legislators
- Nonprofit conservation representative
- Chief State forester

- Forest products companies that manages forest land
- Paper and pulp industry representative
- Society of American Foresters
- Consultant foresters
- Schools of forestry
- Timber producers
- County foresters
- US Department of Agriculture
- Secondary wood industry
- Non-industrial, private forest land owners

The council proposed 24 revisions to Wisconsin managed Forest Law statutes, 17 of which had broad consensus. AB 700 reflects those 17 consensus items.

The managed forest law was created in 1985 to replace an increasingly less popular Forest Crop Law. Both laws were intended to encourage healthy forest ecosystems and a steady stream of fiber to one of the top economic drivers in Wisconsin while at the same time providing recreation opportunities for the general public. Beginning in 1986, MFL stemmed the loss of industrial fiber supply by allowing landowners to close a portion of their enrolled property from public access and in exchange pay more in property taxes than MFL landowners who leave all their land open to public access for hunting, fishing, hiking, cross country skiing and sight-seeing.

The number of acres in MFL grows continually as does the public's willingness to actively manage their woods for ecological and economic health. The driving reasons people enroll their properties in MFL and the challenges of state and local government administration have changed over the years. From time to time, the last being in 2003/04, the state needs to adjust and adapt the MFL program maximize benefits and minimize costs for the government, its citizens and the private sector land stewards who are *all* protecting and growing our natural resource and economy through the Managed Forest Law program.

AB 700 will:

1. Reduce and restructure withdrawal taxes and fees for landowners who cannot finish an enrollment while ensuring disincentives remain against casual withdrawals; and
2. Change the procedure to allow counties to collect MFL yield taxes and withdrawal fees; and
3. Eliminate the yield tax *comparison* requirement for determining *withdrawal taxes*; and
4. Allow small acreage withdrawals without full withdrawal; and
5. Allow the sale or transfer of a portion of a MFL property without having to withdraw the entire property prior to ownership transfer; and
6. Allow lands to remain in MFL, or allow exempt withdrawal, if natural events cause them to no longer meet the 80% productivity requirement; and
7. Allow exempt withdrawal of limited unproductive acreage if splits in ownership cause lands to no longer meet the 80% productivity requirement; and
8. Increase minimum acreage entry size allowed from 10 acres to 20 acres; and
9. Allow additions to existing MFL entries regardless of entry year; and
10. Eliminate lands with improvements with assessed values; and
11. Shift the large landowner content of NR 46.18 (4) administrative code into the MFL subchapter of statute chapter 77; and
12. Allow electronic signature/approval by DNR and landowners on revised management plan documents for existing participants; and
13. Eliminate the application referral process; and
14. Revise the current application process for renewal of MFL lands; and
15. Require landowners to identify access for the public that is equivalent to the landowner's access to lands open to the public or deny the ability to enroll (or keep) MFL lands as open; and

16. Repeal prohibition on recreational leasing for small landowners; and
17. Modify DNR oversight intensity in on-the-ground-management for large landowners whose property is certified by third party certifiers.

These proposals focus on modernizing and streamlining MFL and ensuring the program provides balanced benefits for landowners, the public, the forest products industry and the State of Wisconsin for another 30 years.

Thank you for being here today to hear this bill. Other members of the council and the Department of Natural Resources are here today that can also testify to the details and the stakeholder benefits from these reforms.

I would be happy to try to answer any questions you may have.



## AB 700 - MFL

### Assembly Committee on Environment and Forestry

Department of Natural Resources Testimony  
Robert (Bob) Mather  
Bureau of Forest Management

Mr. Chairman and Committee Members:

My name is Bob Mather and I am the Bureau Director with the Bureau of Forest Management at the Department of Natural Resources. I appreciate the opportunity to appear before you to be able to testify on behalf of the Department. The Department is testifying for information only, and I am more than willing to help answer questions you may have or provide context on potential impacts of this draft legislation.

The Managed Forest Law which was first enacted in 1985 is the keystone tool available to encourage sustainable forest management of Wisconsin's privately owned forest lands. The law provides a property tax benefit in exchange for a long term commitment to practice sustainable forestry. The MFL has been a very successful tool and currently has over 49,000 entries which encompass approximately 3.3 million acres of private forest land.

These well managed lands provide significant benefits to Wisconsin's citizens including wildlife habitat, recreational opportunities, protection of water quality, and a significant amount of the raw forest products produced on private lands that are critical to keep one of the largest sectors of Wisconsin's economy -- forest products -- strong.

This Bill proposes legislation related to recommendations made by the Governor's appointed Council on Forestry. One of the current Council's priorities includes ensuring the Managed Forest Law (MFL) Program, administered by the Department is an up to date, efficient and effective program for our citizens and the forest products industry.

The Council's report entitled "The Managed Forest Law, A Summary of Recommend Program Revisions" dated June 19, 2013 included 24 topics related to the Managed Forest Law Program. The Council considered that any modifications to the MFL Program should accomplish objectives such as:

- reduce DNR administration cost, conflict, and/or law complexity;
- maintain public, non-MFL stakeholder, understanding and support;
- maintain municipality and local government support; Support the core MFL purpose of sound forest management and commercial timber production (as ref. Wis. Stat. 77.80);
- encourage continued program enrollment and discourage non re-enrollment;



- address concerns of MFL forest land owner stakeholder groups; and
- address concerns of industry stakeholder groups.

Using this approach, the Council came to a consensus to recommend modifications to the MFL Program on 21 of these 24 topics. This bill focuses on implementing those recommendations.

With respect to one of the Council's stated objectives for modifications to the MFL, the proposed legislation if passed will create some administrative efficiencies and thereby enable the Department to redirect resources to serve a larger number of private forest landowners, increasing the acreage of land that is sustainably managed to provide economic, environmental and social benefits to the people of Wisconsin.

The department wants to recognize the hard work of Council members and other stakeholders who rolled up their sleeves to work on this complex law, and to the bipartisan set of legislators on the Council who are spearheading this effort.

Thank you for the opportunity to testify on this bill. I am happy to answer any question you may have about the bill.



# Wisconsin Woodland Owners Association, Inc.

P.O. Box 285, Stevens Point, WI 54481-0285

[www.wisconsinwoodlands.org](http://www.wisconsinwoodlands.org)



February 4, 2014  
WWOA Testimony to the

## Assembly Committee on Environment and Forestry in Support of Assembly Bill 700

**WWOA OFFICE**  
EXECUTIVE DIRECTOR  
Nancy C. Bozek  
P.O. Box 285  
Stevens Point, WI 54481  
715-346-4798  
[wwoa@uwsp.edu](mailto:wwoa@uwsp.edu)

**WWOA OFFICERS**  
BOARD OF DIRECTORS  
2013-2014

**PRESIDENT**  
Charles R. Wagner  
E1934 Cty. Rd. S  
Luxemburg, WI 54217  
920-837-7712  
[wagnerc50@yahoo.com](mailto:wagnerc50@yahoo.com)

**VICE PRESIDENT**  
Jan L. Lehrer  
N10811 Co. Hwy. P  
Iola, WI 54945  
715-677-3850  
[leejlehrer@wi-net.com](mailto:leejlehrer@wi-net.com)

**SECRETARY**  
Marilyn Steele  
P.O. Box 1758  
Valparaiso, IN 46384  
219-462-6421  
[msteelem@comcast.net](mailto:msteelem@comcast.net)

**TREASURER**  
Arlene Roehl  
159 Lakeview Ave.  
Long Lake, MN 55356  
952-473-3036  
[arcompliance@bigplanet.com](mailto:arcompliance@bigplanet.com)

**DIRECTORS**  
Joe Arington  
2935 Evergreen Dr.  
Cambridge, WI 53523  
608-575-9673  
[joe@aringtontreefarm.com](mailto:joe@aringtontreefarm.com)

David Congos  
N51562 Harriman Rd.  
Osseo, WI 54758  
715-597-2272  
[dlcongoss49@gmail.com](mailto:dlcongoss49@gmail.com)

Paul Kienitz  
500 S. Center Avenue  
Merrill, WI 54452  
715-536-6823  
[paul.kienitz@riversideathletic.com](mailto:paul.kienitz@riversideathletic.com)

Steven Raether  
4530 CTH K  
Chippewa Falls, WI 54729  
715-723-9736  
[raethertrees@gmail.com](mailto:raethertrees@gmail.com)

Steven J. Ring  
W7004 Detention Rd.  
Shiocton, WI 54170  
920-735-9702  
[sring@utilityssi.com](mailto:sring@utilityssi.com)

Richard Wagner  
E5861 Clark St.  
Weyauwega, WI 54983  
715-281-7032  
[richardwagner@centrytel.net](mailto:richardwagner@centrytel.net)

Randy Williams  
N1896 Cozy Lane  
Antigo, WI 54409  
715-623-5660  
[wiliir2456@gmail.com](mailto:wiliir2456@gmail.com)

I am Nancy Bozek, Executive Director of the Wisconsin Woodland Owners Association (WWOA) and I represent thousands of Wisconsin's private woodland owners. Many WWOA members currently hold Managed Forest Law (MFL) contracts with the Wisconsin Department of Natural Resources and many others are contemplating whether or not to enter this program. In general, WWOA supports AB 700.

Specifically, WWOA supports the following provisions:

- Ability of landowners to add smaller parcels of land to existing MFL orders simplifying the administrative process for the landowner and WI DNR.
- Reinstatement of the option to lease closed lands that are less than 1,000 acres for uses compatible with the practice of forestry. When leasing was repealed in 2007, it created a lasting negative impression for private woodland owners on how the government views MFL contracts and the landowner's ability to manage their own land while practicing sustainable forestry.
- Transfers and sales of MFL parcels whether or not they conform to a legal description. The ability to transfer or sell only necessary lands keeps more productive forest land in the program.
- Revised method of calculating the withdrawal tax creates a more transparent and administratively simplified procedure. A more equitable balance is created by capping the tax for a 10 years period.
- Buildings and surrounding lands being removed from the MFL program, if this only applies to new entries. By removing these improvements from MFL, we hope the MFL tax rates can be lowered to better reflect productive forest lands. It is unclear in the bill if this provision will only apply to new entries or be retroactive?
- Assisting landowners affected by natural disasters by allowing a period of time to restore the productivity of the land to meet MFL requirements or by allowing for a voluntary withdrawal of the land from MFL and exempting the landowner from paying a withdrawal tax or fee.

WWOA has some concerns about other provisions within this bill:

- Definitions created for "buildings", "natural disasters" and "improvements – fencing" raised some questions. Could a hunting stand or blind be interpreted as "sheltering people"? If a natural disaster includes fire, snow and flooding, what about drought, hail, excessive deer populations or invasives and exotics? If fencing that "prevents the free movement of wildlife across the parcel" is considered an improvement then landowners will not be able to afford to regenerate forests in areas of high deer populations.
- WWOA's experiences show that landowners generally start with smaller tracts of land due to affordability and then as they become engaged in sustainably managing their woodlands, they aspire to purchase more acreage. By doubling



the minimum acreage requirement, from 10 to 20 acres, this may unintentionally exclude less affluent landowners.

- WWOA does not directly object with the treatment of separating out the small and large landowners; we are concerned that all landowners within the MFL program be treated equitably.
- Requirement that MFL landowners with open lands ensure that the public access method and location be equivalent to the method and location used by the owner. The average landowner does not have control over the access of their land – access is frequently controlled by others and often is not easily negotiated. In Wisconsin, those seeking access to landlocked lakes must request permission from the bordering landowner thus permission should be sought for open MFL lands if access is not part of the parcel or from a public area.
- Voluntary withdrawal for construction of a residence, other construction or small land sales should be subject to any local zoning ordinance that establishes a minimum acreage for ownership of land or for a construction site.

The Governor in his recent State of the State address proposed reducing property taxes as a result of the State's surplus. Yet, lands that have been entered into the MFL program since 2004 and are closed to public access saw a 22% tax rate increase starting in 2013. Tax rate increases of this magnitude make it difficult, if not impossible, for woodland owners to manage their forest lands as business under IRS codes.

In the past decade, the government has made numerous and significant changes to the MFL program leaving MFL landowners wondering if this is a one-sided contract? The landowner's financial burden to enter and participate in this incentive program has accelerated at an unprecedented rate. I am unaware of any other state or federal government incentive program that requires landowners to bear the burden of so many additional costs in order to enter and participate. This is at a time when, WI DNR assistance to MFL contract holders has been greatly decreased, and yet the MFL tax rate continues to increase. WI DNR states that they cannot continue to provide services to MFL landowners because they have other work priorities including better management of state lands, increased fire control and working with the "unengaged" landowners. While we support their role to educate more landowners about sustainable forestry, we also believe that landowners enrolled in this program need DNR's technical assistance.

It is the MFL purpose, *to encourage the management of private forest lands for the production of future forest crops for commercial use through sound forestry practices*, which has kept Wisconsin's forest products industry viable during this worldwide economic downturn. In 2009 landowners participating in the MFL program supplied 33% of the timber product output or wood harvested in Wisconsin. MFL participants should be commended for their participation in this vital economic program for the benefit of the State of Wisconsin.

WWOA recognizes the value of the MFL program and is committed to working with the legislature, Council on Forestry, WI DNR and others so that our forests will continue to be healthy and productive while providing a high quality of life to our citizens and visitors alike.

## TESTIMONY FOR ENVIRONMENT & FORESTRY COMMITTEE

Chairman Mursau and members of the Environment & Forestry Committee, my name is Jerry Knuth; I live in Plover, Wisconsin and am a life-member of the Central Wisconsin Beagle Club. I'm also the Beagle Advisory Committee "BAC" representative for the Wisconsin Association of Beagle Clubs "WABC". The Association is an affiliate of the American Kennel Club "AKC" and follows the AKC standards & guidelines set forth for AKC Beagle Field Trials. There are some 385 AKC Beagle Clubs with 95% of them found East of the Mississippi River. In total, these clubs sponsored some 792 AKC Licensed Beagle Field Events in 2012 which drew in excess of 56,500 entries. AKC's Beagle Field Trials have been in place since 1897 and our WABC Affiliate The Wisconsin Beagle Club is now the 2<sup>nd</sup> longest continuous AKC member club in the U.S. The WABC is made up of 10 beagle clubs found south of HWY 29 which rely on having cottontail rabbits available for our field events. The motto that we live by with these training / trials facilities is to "ENJOY THE CHASE; NOT THE KILL". We work very hard to have happy hounds and healthy happy rabbits as well.

So why are we here today? Discussion about "Captive Wildlife" caught our attention in the mid-1980s and around 1988, the WABC decided that we needed a partner, so we became a member of the Wisconsin Wildlife Federation. After more than a decade of back-&-forth on Captive Wildlife issues, we came up with a formal hound dog training & trial program. This was formally signed into law in 2003 and was the first such program in the U.S. Captive Wildlife issues brought our 400 +/- "beaglers" out-of-the-closet and each club has worked well with the DNR in dealing with the permitting process.

Also, in the Mid-1980s, we became aware of the Forest Crop Law and Managed Forest Law. Three of our ten affiliate clubs qualified and placed their training / trial facilities in the MFL program. These agreements date back to the early 1990s and each club has worked to abide by the guidelines set forth by our county foresters who wrote a program for each club. The three clubs involved in MFL are the Central Wisconsin Beagle Club near Wisconsin Rapids (since 1954); the Milwaukee Beagle Club on HWY 45 South of Eden, WI near Campbellsport (1940s) and the Willowa Beagle Club near Platteville (1965). Our dad's WWII generation were responsible for starting &/or improving these clubs. Some of us are Second Generation Beaglers and we would like to keep this opportunity available for the next generation.

Our 3 MFL-enrolled beagle clubs have survived in part because of the tax deferral nature of the MFL program. We pay both acreage and stumpage fees and have learned to rely on a form of crop rotation which creates habitat for our wildlife. While the current agreements allow for a relatively cheap closed acreage fee, the renewal rates are much higher; but still doable for these non-profit clubs. For example, the Central Wisconsin Club currently pays about \$140 in acreage fees for the 70 acres in MFL. The new rates will likely take us to something around \$750 which is still much better than the recreational rate where we can expect to see \$2,800 to \$3,500 as recreational land property taxes go. Our club will take in around \$10K each year and spend a similar amount in maintaining the grounds and our wildlife habitat while at the same time reminded that we are tree-growers. I can offer an outline of some of the techniques we use to stay with the intent of our MFL program.

As chair of the WiWF's Forests, Parks and Recreation Committee, our group has been watching and involved in the various MFL issues which have been on-going over the past 5 or 6 years. Our committee meets 4 times each year and at every meeting two items are on the agenda – i.e. MFL and Stewardship. With rule changes that were adopted in 2008, dog training / trial facilities were no longer eligible for MFL. I'm embarrassed to say that I didn't learn of this until this past summer when our County Forester and one of our club members (a retired DNR employee) were having coffee and this subject came up.



This revelation gave our club additional incentive to pay attention to the discussion and ideas behind possible changes in the MFL. We have been staying close to the WiWF and have received support from 3 of their committees (i.e. the Dog Committee, the Wildlife Committee and Forests, Parks & Recreation) We also took our request for an exception to the Federation Board Meeting. All four meetings resulted in unanimous support.

At the same time, we have reached out to the Wisconsin Woodland Owners Association "WWOA" as they are also affiliates of the WiWF and are active participants on my FP&R Committee. I should also mention that the DNR Forestry & Parks Divisions bring a lot of information and support to our FP&R Committee Meetings. This past weekend we sat down with Bob Mather (DNR Forestry Division) to better understand how the proposed legislation would affect our 3 clubs and how best to simplify our issue. I believe that we have a solution that can be delivered in a couple short sentences and clears the way for our 3 clubs currently enrolled in MFL to renew their program as long as we meet MFL guidelines.

I believe this situation to be more like one of those non-intended consequences. We are not commercial ventures but rather are 501(c)7 non-profits and will see less than \$10,000 each year in gross income which, in turn, is plowed back into maintaining the wildlife and growing our trees. We continue to hear that Wisconsin is interested in growing the MFL program and we would like to continue down that road. We do recognize that Best Forestry Practices are an on-going part of the program..

Again, I thank you on behalf of the WABC and our sporting dog heritage for having this opportunity to take a look at our MFL / dog training problem.

Jerry Knuth – Plover, Wisconsin

Life Member – Central Wisconsin Beagle Club

WABC – Beagle Advisory Committee Rep.

(715)-340-5414

## Wisconsin Wildlife Federation

February 12, 2014

To: Chairman Mursau and Members of the Assembly Environment and Forestry Committee  
From: George Meyer, Executive Director, Wisconsin Wildlife Federation  
Subject: Renewal of Beagle Clubs Managed Forest Lands Contracts

The Wisconsin Wildlife Federation and the three non-profit Beagle Training and Trialing Sports Clubs that we are representing are greatly appreciative of your support to assure that the three sports clubs can continue to remain in the Managed Forest Law program upon the expiration of their current contracts provided that they continue to meet the requirements of the Managed Forest Law program.

In previous discussions with you and your staffs, it was discussed that the proposed changes to the Managed Forest Law allowing the leasing of land would allow the Department of Natural Resources to renew the contracts of the three clubs when they expired. However last week when the language was fully available to the DNR, we requested that they review the language to make sure that they were comfortable that the language would allow them to renew the contracts provided all other provisions of the MFL law were met by the clubs.

At Saturday's meeting of the Federation's Forestry and Parks Committee, Forestry Bureau Director Bob Mather indicated that, even though the leasing changes will help the renewals, by itself, that change would not allow the DNR to renew the Beagle Training and Trialing clubs' MFL contracts. As indicated previously, the DNR is supportive in changes to the proposed MFL amendments to allow the renewal of those contracts. Working with Bob at that meeting, we all agreed that language similar to the following would solve the problem:

"Notwithstanding any other provision of law, a non-profit dog training and trialing facility with a Managed Forest Law contract on \_\_\_\_\_, \_\_\_\_ 2014 shall have their contract renewed if the facility meets all provisions of the Managed Forest law."

The Wisconsin Wildlife Federation, the Central Wisconsin Beagle Club (Wisconsin Rapids-1954) the Milwaukee Beagle Club (Eden-1940s) and the Willowa Beagle Club (Platteville -1965) respectfully request that you make the above minor amendment to the proposed MFL statutory changes as the Assembly Forestry Committee deliberates on the proposed MFL changes.

**WISCONSIN WILDLIFE FEDERATION**  
**Forests, Parks & Recreation Committee**

The Federation has been made aware that a number of our affiliates currently enrolled in Wisconsin's Managed Forest Law and are also dog training clubs. These clubs have been enrolled in MFL since the early 1990s and each has been successful in following the various management plans applicable to their parcel of land. It is also our understanding that the WDNR and the State of Wisconsin are looking to see continued growth in the MFL in anticipating future timber demand.

In 2008, the MFL program increased the size for eligible parcels from 80 acres to 160 acres. It also adjusted the annual tax rate on a going forward basis to bring it more in line with governmental tax needs. MFL eligibility guides stemming from these changes has created what we believe to be an unintended consequence in that "dog training enclosures" are no longer eligible for MFL. The reason stated is that they are commercial for-profit ventures. An exception was allowed for non-profit 501-C(3) charitable organizations. This does not take into account other non-profit clubs such as those filed under 501-C(7).

The clubs currently enrolled in MFL have demonstrated a good faith effort to abide by their MFL management plans and have looked to MFL as a tax deferral tool that is fair to all parties and still allows for a pay-as-you-go forestry plan. This program has been successful in allowing these non-profit clubs to remain active and viable for future generations. The problem that jumps out for each of these clubs is that (1) they will be harvesting all remaining woodlot cuts as they approach the end of their 25 year contract periods and it will be several years before new cuts can be made. (2) They will lose their MFL tax deferral and fall into a recreational use rate which will dramatically increase their taxes to the point of putting them out-of-business. As an example, a 70 acre plot in Central Wisconsin currently pays \$2 per acre per year for a closed program. In addition, there are the normal stumpage fees paid to the State & County as cuts are made. The anticipated renewal rate for this type property would move to 20% of the recreational use rate or \$10 per acre when their contract comes up in 2017, This would bump their annual tax bill to around \$700 for the 70 acres; but is still affordable when compared to an anticipated recreational use rate that would generate \$3,000 to \$3,500 per year in taxes if the land is not allowed to continue in the MFL program.

There are only a handful of dog training clubs currently enrolled and each club could not withstand such an increase in taxes and it would be only a matter of time before they would be forced to close their doors. In short, a \$700 property tax bill is a strain-on-the-chain, but may be doable. An additional \$2,300 or more in taxes is surely not-doable under any creative idea that could be worked out.

As an aside, this same club with a 70 acre dog training enclosure has been in existence since 1960 and has successfully harvested 3 cuts of timber and pulp from this property between 1960 and 2015. In terms of planned crop rotation, they are able to maintain periodic harvests. I would emphasize that the new MFL rate structure and on-going stumpage are adequate and fair to all parties.

We sincerely ask that dog training facilities be allowed continued eligibility for the MFL program. This topic has been discussed by three committees of the Wisconsin Wildlife Federation and has received unanimous support by each committee and by the Federation's Board of Directors at their August 11<sup>th</sup> Board Meeting.

Submitted by: Jerry Knuth, Chair – WiWF FP&R Committee



## **CENTRAL WISCONSIN BEAGLE CLUB "CWBC"**

### **Execution of Managed Forest Law "MFL" Contracts**

The CWBC grounds have been enrolled in the MFL for a number years with one contract (the North End) coming due in 2017 and the South End in 2025. The MFL is an effective "tax deferral program" designed around Wisconsin's needs to produce timber and pulp. CWBC has managed our grounds in a crop rotation format which along the way enhances wildlife habitat. Since moving to these grounds in 1960, the club has effectively harvested three rotations of timber and pulp in a systematic manner. Here are some key points that have worked well for these grounds to date:

- All aged pulp & timber will need a minimum of 25 years of growth with mature trees being the objective of the program.
- MFL does allow for wildlife habitat management and is in line with our club's need to provide for our resident wildlife and still fits well with the intent of the MFL program..
- Thinning of tree clumps (mostly maple and some cherry) can be done systematically. Take clumps of four and reduce them to the healthiest & straightest tree.
- The club will continue to do spring plantings (white pine and spruce) on the edges.
- A by-product of our timber harvests has been the remaining limbs which provide additional cover piles for rabbits.
- The use of wood pallets in cover piles also helps create "rabbit cribs" and will last longer than the normal limb piles.
- Rabbit pellets provide supplement food over winter and reduces the need for winter browse.
- It has been recommended that we cut trees to ground level to reduce the danger of disease.
- We will maintain the timbered buffer along both sides of the ditch that separates the north and south sides of the grounds.
- Dead trees (mostly oak wilt & stressed pine) can be cut for firewood leaving some dead trees for the woodpeckers.
- By maintaining a "young" forest type we are not only providing ideal rabbitat, but also excellent habitat for migrating avian species (i.e. woodcock and warblers).

Honorable Scott Walker  
Governor State of Wisconsin  
State Capitol  
Madison, WI

January 25, 2014

I am writing to express my dismay and concern over the direction the state has taken in the taxation and ever-changing regulation of lands enrolled in the Managed Forest Land (MFL). These changes will result in land put into other uses and a loss of productive forest growth and eventually change the natural landscape of Wisconsin.

Re-enrolled lands must now have a management plan written by a "certified forest planner." Cost to the land owner for a 40 acre parcel is in excess of \$1,000. I received my BS from Steven's Point in conservation and science, and my MS in conservation from Purdue University and have had 40 years working in conservation education and private consulting. I am as capable of writing a quality plan as anyone. Why do we need to pay someone else to do this?

Our taxes increased from roughly \$80/yr to over \$560/year. This is a 700% increase in one year! What's next? If we were informed of this increase we would never have reenrolled this property in the MFL. I can graze this 40 acres for about \$70/year at the tax rate for grazed land. MFL tax rates should be at least no higher than grazed land tax rates.

Thirdly, MFL lands are not now allowed to be leased for hunting. Typical leases for such a parcel is close to \$1000/year. One more loss of revenue.

New regulations will govern how we harvest this land and increase land owner costs even higher and lower timber sale profits even more.

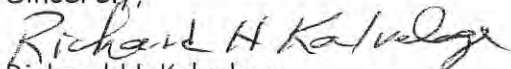
Is it the intent of the State of Wisconsin to discourage people from properly managing their forest land to provide the raw material our forest products industry needs? Is it to encourage changing the land use to something more profitable? If so, you have succeeded!

Let me mention one more area of concern that must change. I've also learned that MFL contracts are not contracts but rather agreements when you can change the rules at your whim and the land owner cannot. This is simply one-sided and is no contract at all. Who would want to do business under such an arrangement? Or with a group that has become too costly to do business with.

In summary, land owners get robbed all the way around and will be forced to remove their lands from the MFL for their economic survival.

Please respond by letter what your intent is relative to supporting privately owned timber producers. The current business climate for timber producers is unacceptable.

Sincerely,



Richard H. Kalvelage

2692 CTH B

Stoughton, WI 53589

cc: Cathy Stepp

Assembly and Senate Committees - REP MURSAU

e-mail: mlynnwat@att.net

**Testimony on Assembly Bill 700  
Assembly Committee on Environment and Forestry February 4, 2014**

**Mr. Chairman and Committee Members:**

My name is Robert Benson and I am a private woodland owner who owns 220 acres in Buffalo County. I am in the process of acquiring 150 acres in Iowa County that will be closer to our grandchildren. I have had various entries in MFL and currently have acreage enrolled in MFL.

I want to thank the committee for all their time and energy trying to make this a better program for all stake holders. Representative Jeff Mursau deserves a lot of credit for working to get changes made even though we think this bill needs improvement. **I would like to speak to the financial penalty of removing the land before the completion of the contract.**

**I believe that the purpose of the MFL Program is to promote a sustainable forest through responsible management practices by the landowner.**

We lost our son to cancer four years ago and our daughter-in-law cannot make the five hour drive with our grandchild to enjoy our property up north. Therefore, we decided to sell this property to keep my promise to our son of "doing the things I did with him, with his children".

Here is my example of our land enrolled in MFL, **and the penalty** we were told we would owe. Show and discuss split...remember, both parties want to put it back in MFL and continue with the current plan.

**Thanks to all the hard work done. This bill addresses my problem** with a minimum cost.

Most of the MFL programs are 25 years in duration. A lot can change in one's life in 25 years that is not within their control. Therefore, I believe that a penalty should be imposed, but it should be less than the 10 years proposed. Remember, that the present MFL penalty is imposed at the current tax rate and not at the rate when the person put their land in the program.

It should be equivalent to the penalty that is imposed on Agriculture Land that is taken out of production and converted to residential use. That penalty is calculated based on approximately 5% of the fair market value of the property. In my example, it would be ( $\$3000 \times 76.5a \times 5\% = \$11.475$ ), opposed to \$38,000. I currently grow corn, beans and trees, and have harvested each of them. As I change my land use out of Ag production, why am I penalized any differently on my timber crop than if I took my other corn or bean land out of production? I view them all as crops.

Again, things change in ones life, and the program should not be a punitive program but one that allows people to feel that they have done something better for the future forest. It should allow them to feel that they have left the land a little better after they are gone than when they arrive.

Robert Benson, Woodland Owner



Brent,

Here is the approximately 117 acres that Tom and I own. We each own 1/2 of the total land. The black line down the center is the division we made to divide the land fairly in half in case anything happened to either of us. This is where we came up with the 54.5 acres of woods that Tom would own and the 22 acres of woods that I would own. Our goal is to sell it and maintain the MFL so we would not have to pay thousands and thousands of dollars to sell it only to then put the 76.5 acres back in MFL in a different name.

Thanks in advance for trying to help us on this...we really appreciate your help.

thanks, Bob











**Testimony on Assembly Bill 700  
Assembly Committee on Environment and Forestry  
John Ouellette MD  
February 4, 2014**

**Mr. Chairman and Committee Members:**

My name is John Ouellette and I am a private woodland owner who owns 300 in Richland County

I was raised on a 450 acre farm in Vermont. I would be there now except polio came along and would have made it very difficult to survive the rigors of farm work. I was very active in the FFA in High School and my project was planting trees on our Vermont farm. However when it was judged that farming would be difficult for me, I enrolled in college and then medical school. I graduated from the University of Vermont Medical School in 1960 and came to Wisconsin for my internship and medical training. My parents sold the farm that year when it was apparent that I would not be there to work with my father. It was 13 years later we purchased our land in Richland Center.

I finished my post graduate training, my military commitment at Walter Reed Medical Center and then returned to Madison to become a staff member of the University of Wisconsin. Eventually I went into private practice and worked part time at the University. My back door neighbor owned a tree farm in Richland Center. In 1971 we purchased 150 acres and eventually 150 acres more to own a total of 300 acres. In my 79 years, I have been without a farm for only 13 years of my life. Tree farming and growing things was just part of my makeup.

During this time he rehabilitated this land from a broken down old farm to what is now a very productive tree farm. We were the 2010 Wisconsin Tree Farmers of the Year and came close to being the National Tree Farmers of the Year. During the years of tree farming, I worked very closely with the DNR Forestry Division and enrolled into the MFL in the early 90's. We now have 180 acres enrolled in MFL and have been most compliant with our farm plan. We have planted over 40,000 trees and shrubs over the years, and have constructed over 10 miles of roads, complied with strict water and erosion controls and have battled the invasive intruders.

Over the years we have introduced people to tree farming and a number of them have gone on to own their own tree farms. I never knew what a black walnut tree was until I started tree farming, and little did I know that I would spend over 12 years on the board of directors for the Wisconsin Chapter of the Walnut Council and seven years as the president of the Wisconsin Walnut Council. During this time I had the opportunity to get to know many Wisconsin tree farmers and plan and attend many field days. Likewise I was a member of

Wisconsin tree farmers and plan and attend many field days. Likewise I was a member of WWOA and attended many field days of the WWOA tree farmers as well. I am also on the board of directors for the National Walnut Council.

As a result of these woodland organizations, I have had the opportunity to meet many landowners and have them air their feelings regarding owning and passing their land on to their heirs. Most of these tree farmers have great concerns about being able to afford to keep what they have as far as the tree farm is concerned and secondly passing this land on to their heirs. Most of these owners do not want to parcel their land to hold retain this land. Many of these land owners are older and are no longer able physically do the work necessary to maintain their land to the standards that they set for themselves and there is a gap of their children taking over. The big issue is paying the taxes on the land or selling or splitting the land. Many of these holding are under thirty acres and to split that land is to split the mission of the land.

In my case, I have had five timber sales over the years and put the money right back into the needs of the land. We have always tried to create a better tree farm. Growing timber is a long term situation and it takes time to put the farm into a productive mode. Tree farming is another form of farming and needs to be treated that way from a tax point of view. We need the same treatment that is given to the crops that take one year rather than 30-75 years. The lumber industry is in the 20 billion dollar range and the private landowner is part of this equation. These lands need to be treated as a business rather than recreational land. We have a farm in the Driftless area and grow some of the finest hardwoods in the world. There is a world market out there looking for our special lumber. Our black walnut timber industry has stayed quite healthy throughout the down market. The only problem is it takes 60-75 years to grow a marketable tree and lots of pruning and thinning to get to that valued tree. We need a long term program that will allow us to grow these trees over two to three generations. Tree farms need to be addressed like any other small business that ends up contributing to our statewide lumber industry.

Most of the tree farmers I know who have really done good things with their land, may have been introduced to their land because of their hunting interest, but that is only the introduction of the many good things that come with becoming familiar with the environment and tree farming. Many have purchased their land initially for hunting purposes, but later on there is a war on against the deer population and we kill them to maintain our forestry health.

It is important to have a law that allow either an open land or a closed land. If one owns a large tract of land and wants to keep it private, that person should have the right to. Likewise if there is no reason to keep people off the land then have the land open. In our case, we specialize in black walnut trees that are very valuable. Black walnut tree pirating is always a possibility. I have had parts of machinery stolen from my land. All of the ginseng has been pulled and it is a real effort to pick my own morel mushrooms before other non invited people beat me to them. Likewise, the invasive plant seeds will get tracked all over the place

by people who do not care about your land. We do allow the state snowmobile trail to pass through our land. We control a safe number of deer hunters on our land, but they need to ask ahead of time. At one time before the leasing law came in, our hunters had the opportunity to pay back in kind for using our land. The new leasing law erased that one.

Over the years, we have had the opportunity to share our farm and experiences with many groups and individuals. For example, the University of Wisconsin Forestry and Soils Divisions have brought their students up for specific projects. We the Intercollegiate Soil Judging Event come to our farm where 15 teams competed with Purdue University winning and UW Wisconsin coming in fourth. The Forestry Senior class had a course in hardwood economics and our farm was their laboratory. We have had boy and girl scout groups, church groups and others come to the farm to do volunteer work, but really had an experience in the woods and away from their computer games and emails. The Nelson Institute bussed their new master degree class of environmental scholars come to our farm for a lesson in sustainable woodlands.

In summary, we need a MFL law that will cut slack to genuine tree farmers who have a managed plan and follow up on the recommendations. We must have a law that allows us to pass this land on to future generations that will continue with the passion that got the tree farm going in the first place, and most of all, if we fracture or divide the land into pieces we will fracture the mission that is necessary for the timber industry of Wisconsin.

We wish to thank all members of the committee to include Representative Jeff Mursau for their time and consideration on creating a MFL that will be agreeable to all the parties involved. We need our tree farms to be treated like a small business in the big picture of our valuable Wisconsin Lumber Industry.

John Ouellette MD  
5045 Lacrosse Lane  
Madison, Wisconsin  
53705  
608 231 1145  
Johnouellette@sbcglobal.net





# WISCONSIN COUNCIL ON FORESTRY

Scott Walker, Governor

Reply to:

P.O. Box 7921

Madison, WI 53707-7921

Office: 608/261-7599

Fax: 608/266-6983

Email: [henry@newnorth.net](mailto:henry@newnorth.net)

**Henry Schienebeck**  
Chairman  
Butternut

**Jane Severt**  
Vice-Chair  
Rhineland

**R. Bruce Allison**  
Verona

**Troy Brown**  
Antigo

**Rep. Fred Clark**  
Baraboo

**Matt Dallman**  
Tomahawk

**Paul DeLong**  
Madison

**Tom Hittle**  
Tomahawk

**James Hoppe**  
Rhineland

**James Kerkman**  
Bangor

**Rep. Jeffrey Mursau**  
Crivitz

**Kimberly Quast**  
Fond Du Lac

**Mark Rickenbach**  
Madison

**Paul Strong**  
Rhineland

**Sen. Tom Tiffany**  
Madison

**Virgil Waugh**  
Milton

**Richard Wedepohl**  
Madison

## Managed Forest Law (MFL) Public Hearing Assembly Bill 700

### Assembly Committee on Environment and Forestry

Wisconsin Council on Forestry

Henry Schienebeck, Chair

Testimony by: Jane Severt, Vice Chair and

Tom Hittle, MFL Committee Chair

February 4, 2014

Good day. My name is Jane Severt, Vice Chair of Wisconsin's Council on Forestry. Accompanying me today is Tom Hittle, Chair of Wisconsin Council on Forestry's Managed Forest Law (MFL) Committee. We appreciate this opportunity to appear before you and offer comments on behalf of the Wisconsin Council on Forestry regarding the proposed Managed Forest Law revisions.

The Council firmly believes efforts to maintain the MFL are critical to the continued sound stewardship of Wisconsin's private forestlands and the economic strength of the State's forest industry.

Of Wisconsin's nearly 17 million acres of forest, 60 percent is privately owned. Individuals and families, numbering in the range of 360,000, own the majority of this acreage. Among these privately owned lands, over 3 million acres are enrolled in the MFL. Wisconsin's privately owned woodlands play an important role in supporting Wisconsin's timber industry; a vital economic sector that produces products valued at over \$20 billion and is the number one employer in 23 Wisconsin Counties. Approximately two-thirds of the wood harvested in Wisconsin and utilized by the forest industry comes from privately owned forestlands.

Since 1927, with the inception of the MFL's predecessor the Forest Tax Law, Wisconsin has relied on property tax incentives to promote sustainable forest management and timber production on private forest lands. The MFL has been enhanced from the earlier law to further recognize the objectives of individual property owners, compatible recreational uses, watershed protection, development of wildlife habitat, and the accessibility of private property to the public for recreational purposes.

One of the Council's top priorities has been to help assure the MFL remains a viable program to achieve all of these benefits.

After diligent council and subcommittee efforts, a final report was generated this past June containing a number of recommended MFL revisions. This effort and report formed the foundation for the proposed legislation being addressed here today as Assembly Bill 700. The Council's intent for the proposed revisions focused on a few key criteria, including:

- Reducing MFL DNR administration costs and law complexity
- Maintaining public, local government, and landowner support for the MFL
- Supporting continued MFL functionality relative to core MFL purposes as defined by Statute
- Encouraging continued enrollment and re-enrollment of forest lands
- Addressing concerns of MFL forest land owners and stakeholders

We have reviewed the draft legislation and have found that it closely follows the revisions recommended as a result of the Council's efforts. To the best of our knowledge it differs only slightly in the following areas:

The Council's recommendations contained an exemption for large properties from having to ensure public access (Section 50) given the inherent possibility that over large acreages managed for timber production a small amount of land may have limited access suitable primarily to forest management activities. This exception takes into account the large acreage of publically accessible lands associated with these large properties and the revision (Section 48) that excludes large properties from the repeal of the prohibition on leasing. We believe this exemption recommendation is not contained within the draft bill and respectfully suggest it be added.

The proposed legislation also includes a specific definition for a "large property" (Section 15) which would eliminate some of the established MFL treatments of this type of property we believe have historically worked well for the department and the landowner. A refinement of the definition of a large property was not analyzed by the Council as to possible consequences and we respectfully ask that this definition be modified to allow for a determination of large property status suitable to the department and landowner subject to the specific property and landowner objectives.

The Council revisions included recommendations for developing an electronic process which would allow for increased efficiencies and better communication with landowners on their forest management plans. It has been communicated to the Council by the department that this can be accomplished without law revisions.

We also ask for confirmation that Section 104 allows for the voluntary withdrawal of a part of a parcel for the purpose of building a human residence, consistent with the intent of the recommendation made by the Council.

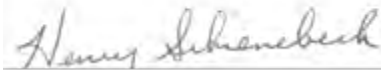
And finally, with respect to the majority of the revisions, there is the question as to if these changes are meant to be effective for lands already enrolled under the MFL or only for new enrollments following passage of this legislation. Again, we respectfully would suggest that this be clarified for the revisions where applicable.

Overall, we are very pleased that the draft bill has remained true to the intent of the recommendations generated by the Council on Forestry. We believe that the package of revisions contains a reasonable balance of outcomes across the various stakeholders.

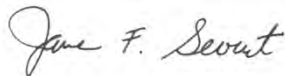
We believe implementing this legislation will achieve the objectives sought by the Council including streamlining the MFL for administrative efficiencies and promoting a continued, viable MFL program attractive to forest land owners and supportable by all stakeholders and the citizens of Wisconsin. Wisconsin's Council on Forestry has worked diligently to ensure a balance of all interests remains intact in Wisconsin's MFL program and the program remains viable and beneficial to Wisconsin taxpayers.

We ask you to support this proposed legislation. Because of the importance of Wisconsin's forests to our economy, environment, and quality of life it's imperative we serve the interests of the people of Wisconsin through carefully maintained forest-based incentives such as the Managed Forest Law.

Thank you for the opportunity to offer these comments on behalf of the Wisconsin Council on Forestry.



Henry Schienebeck, Chair



Jane Severt, Vice-Chair



Tom Hittle, MFL Committee Chair