



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

---

April 21, 2009

Joint Committee on Finance

Paper #573

### Forestry Outdoor Activities Grant Program (DNR -- Forestry and Parks)

[LFB 2009-11 Budget Summary: Page 471, #4]

---

#### CURRENT LAW

2007 Act 20 provided \$1,000,000 SEG annually beginning in 2008-09 in a continuing appropriation from the forestry account for a land acquisition for outdoor activities grant program. The program was created to provide grants to cities, villages, towns, counties, non-profit conservation organizations, and to DNR for the purpose of acquiring easements or purchasing land for approved outdoor recreational activities including hunting, fishing, hiking, sightseeing, cross-country skiing, and other purposes compatible with these purposes. The act did not specify any local match requirement. The act created a five-member Managed Forest Land (MFL) Board to administer the grant program, consisting of the chief state forester and his or her designee and four members, serving three-year terms, appointed by the Governor from nominees selected by the Wisconsin Counties Association, the Towns Association, the County Forest Association, and the Council on Forestry. The Act required DNR to promulgate administrative rules, in consultation with the Board, that include the following requirements: (a) the Board must give priority to counties over other grant applicants and must give highest priority to counties with the highest number of MFL acres designated as closed to public access, (b) when awarding grants to towns, the Board must give higher priority to those towns with higher numbers of MFL acres designated as closed to public access; (c) county board approval of each grant is required before a grant may be awarded to acquire land in a county; (d) requirements regarding the use of sound forestry practices on land acquired through these grants; (e) land purchased with the grant program must be open for hunting, fishing, and trapping during all applicable open seasons; and (f) no more than 10% of grant funds under the program may be used to purchase parcels less than 10 acres in size.

## **GOVERNOR**

Delete \$1,000,000 SEG annually related to the forestry outdoor activities grant program.

## **DISCUSSION POINTS**

1. Administration officials indicate that the deletion of funding for the outdoor activities grant program was intended to increase the balance of the forestry account. DOA does not intend to transfer these funds to the general fund. The administration argues that forestry mill tax (the 16.97¢ per \$1,000 of value statewide property tax) and timber harvest revenues (the two largest sources of revenue to the forestry account) are uncertain, and that reducing these forestry account expenditures would provide a larger balance in the forestry account in case these revenues were to drop below anticipated levels.

2. While the bill would eliminate funding for the outdoor activities grant program in the 2009-11 biennium, statutory authority for the program would remain. DNR has not yet promulgated administrative rules for the program, and no grants have been awarded nor funding encumbered in fiscal year 2008-09 (the initial year of authorization). As a continuing appropriation, any monies not expended in one year remain available for expenditure in future years without any legislative action. Therefore, the \$1,000,000 in unutilized 2008-09 funding would remain in the appropriation for expenditure for outdoor activity grants during the 2009-11 biennium. If funding were to be restored for the program, \$1,000,000 could be provided in the second year of the biennium only. This would allow a total of \$2 million to be available under the program during the 2009-11 biennium. However, DNR indicates that the Department is not currently developing administrative rules and would not expend the \$1 million balance for outdoor activity grants during the 2009-11 biennium. Therefore, these funds could be lapsed to the balance of the forestry account to be available for other forestry program activities.

3. Created under 2007 Act 20, the forestry outdoor activity grant program gave highest priority to counties with the highest number of Managed Forest Law (MFL) acres designated as closed to public access, and towns with the highest number of MFL acres designated as closed to public access were given second priority. Land enrolled under the MFL program is exempt from property taxes. Instead, landowners make payments to municipalities (which in turn pay 20% to the counties) in amounts determined by the date the land is entered into these programs. The owner must comply with certain forestry practices. Further, while the landowner may elect to keep a specific area closed to public access for an additional fee, the remainder of the land must be kept open for recreational activities. Annually by January 31, landowners must make an additional payment for each acre of land closed to the public (up to 160 acres per municipality) and revenues from the closed acreage fee are deposited to the forestry account. Act 20 also expanded the use of closed acreage revenues to include the outdoor activities grant program.

4. Concerns over MFL closed acreage have grown over the years, and particularly in response to the decision by two large industrial landowners to split their MFL property into different

legal ownerships so that all ownerships could close up to 160 acres (or 80 acres for land entered prior to 2004) per municipality, to public use. Portions of these lands were then leased to individuals willing to pay a fee for hunting on the lands. However, Act 20 specified that owners of land designated as MFL may not enter into a lease or other agreement for consideration (compensation) permitting persons to engage in recreational activities on the land. While it may be argued that providing revenues from the forestry account for land acquisition grants for outdoor recreation to counties with the largest number of MFL closed acres would help address concerns regarding the increase in closed acres under the MFL program (and the resulting decrease in available land for outdoor recreational opportunities), the Act 20 prohibition of leasing activities on MFL land may moderate the proportion of closed acres enrolled in the program in the future. However, since 2005, approximately 80% of acres enrolled in the program have been closed to public use, and this proportion has remained stable since the 2007 prohibition of leasing activities. Further, some counties continue to contain a larger number of MFL closed acres, where an increase in land available to the public for outdoor recreation may be desirable. For example, in Marathon County, approximately 76,000 of the total 92,900 acres (82%) enrolled in the MFL program are currently closed.

5. On the other hand, allocating forestry account funds for land acquisition for outdoor activities may be seen as duplicating existing efforts. The forestry account currently provides grants and loans to counties for acquisition, development, preservation and maintenance of county forest lands, and would provide \$16 million annually under the bill for debt service costs related to land acquisition and development, including local grants, from the Warren Knowles-Gaylord Nelson Stewardship program. A primary goal of stewardship is to acquire undeveloped land for outdoor recreational purposes (including hunting, fishing, hiking, sight-seeing, and cross-country skiing). Therefore, the Committee could consider deleting the statutory language related to the outdoor activities grant program in addition to the deletion of program funding.

6. If the program were retained, the Committee could consider requiring grant recipients to provide local matching funds. Generally, grants provided under the stewardship program require a local match of 50% of project costs. A similar match requirement could be specified for the outdoor activity grant program.

## **ALTERNATIVES**

### **A. Program Funding**

1. Adopt the Governor's recommendation to delete \$1,000,000 annually related to the forestry outdoor activities grant program.

2. Adopt the Governor's recommendation. In addition, lapse \$1,000,000 from the forestry outdoor activities grant program to the balance of the forestry account (this would increase the June 30, 2011 available forestry account balance by \$1 million).

3. Adopt the Governor's recommendation. In addition, lapse \$1,000,000 from the

program to the balance of the forestry account. Further, repeal the appropriation and statutory language authorizing the forestry outdoor activities grant program. (This would increase the forestry account balance by \$1 million.)

4. Provide \$1,000,000 in 2010-11 for the forestry outdoor activities grant program (\$2,000,000 would be available for forestry outdoor activity grants during the 2009-11 biennium).

<b>ALT A4</b>	<b>Change to Bill</b>
	Funding
SEG	\$1,000,000

5. Provide \$1,000,000 annually to restore the forestry outdoor activities grant program (maintain current law). (\$3,000,000 would be available for forestry outdoor activity grants during 2009-11.)

<b>ALT A5</b>	<b>Change to Bill</b>
	Funding
SEG	\$2,000,000

**B. Local Match Requirement**

1. Limit grants under the forestry outdoor activities grant program to no more than 50% of eligible costs (as defined by DNR rule).

2. Maintain current law (no match requirement specified).

Prepared by: Erin Rushmer