



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #520

### **Wisconsin Forest Practices Study (Natural Resources -- Conservation and Recreation)**

[LFB 2019-21 Budget Summary: Page 300, #6]

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#### **CURRENT LAW**

The Department of Natural Resources (DNR) has general responsibility for executing matters pertaining to forestry in Wisconsin, including collecting data on forest use and advancing the cause of forestry. The Wisconsin Council on Forestry is a 20-member, statutory body that advises the Legislature, Governor, DNR, and other state agencies on a variety of matters affecting forests in Wisconsin. The Council on Forestry generally is charged with advising on: (a) management and protection of forests from fire and pests; (b) reforestation and forestry genetics; (c) increasing public knowledge and awareness of forestry issues; (d) research, marketing and economic development of the forestry industry; (e) staffing and funding needs for state forestry programs.

Wisconsin statutes require the Wisconsin Council on Forestry to prepare a biennial report that summarizes the state of the state's forest resources and the market for forest products, and that provides recommendations to improve the state's forestry industry. Additionally, 2013 Wisconsin Act 20 required DNR to provide a \$300,000 grant in each year of the 2013-15 biennium to study Wisconsin's forestry practices.

#### **GOVERNOR**

Provide \$225,000 from the forestry account of the segregated (SEG) conservation fund annually for implementing the recommendations of the forest practices study, including: (a) the development of an integrated monitoring program for forest management; (b) research on forest economics and the impact of forest management guidelines; and (c) developing and implementing online and in-person training for forestry professionals.

## DISCUSSION POINTS

1. 2013 Act 20 required DNR to provide \$300,000 forestry SEG to the Great Lakes Timber Professionals Association (GLTPA) and the Wisconsin County Forests Association to study the state's forest practices. The groups were asked to consider how Wisconsin could continue to provide sustainably grown wood fiber to support competitive wood-using industries in the future. Studies commissioned by the groups investigated several questions relating to Wisconsin's forestry industry including: (a) whether land ownership changes, experienced over the last 15 years, affected the supply of wood fiber; (b) whether seasonal restrictions impact the supply of wood fiber; (c) whether there are impediments in the forest product supply chain that may place Wisconsin timber at a competitive disadvantage; and (d) whether there are other factors that might prohibit Wisconsin from remaining competitive into the future.

2. Two studies examined the impact of harvest restrictions, including: (a) regulations meant to reduce soil scarification, a process that can increase soil erosion and degrade water quality; and (b) travel restrictions intended to prevent the spread of invasive species including the emerald ash borer and oak wilt fungi. The studies pointed out that many restrictions were developed using scientific research and scientist input. Further, many of the restrictions appear to have positive impacts on water quality, wildlife, biodiversity, and forest health. The study authors, however, pointed out that many of the harvest restrictions may have unintended consequences; soil scarification, for instance, may increase erosion, but it may also till forest soil and enable seeds to plant. Study participants suggested more research is required to understand the efficacy of harvest restrictions as well as potential trade-offs.

3. In addition to ecological restrictions, the studies examined other harvest restrictions, such as those closing smaller roadways to heavy trucks, including those used to haul timber from cut sites. Smaller roadways that have thinner layers of asphalt and have shallower banks than state trunk highways are subject to significant flexion during the spring thaw, when melt water saturates the ground. However, the forest practices study recommended further consideration of whether these restrictions are uniformly necessary, and whether some roadways with less traffic or with lower speed limits may be able to withstand heavy loads associated with logging trucks with little deleterious impact.

4. The administration's proposal would increase funding for the DNR to study the impact and efficacy of harvest restrictions and implement the recommendations of the study. The administration proposes providing \$100,000 forestry SEG annually for DNR to fund research on timber harvest restrictions. Additionally, the Governor proposes providing \$75,000 forestry SEG annually to develop, implement and evaluate an integrated outreach program. Finally, DNR would use \$50,000 forestry SEG to develop, implement, and coordinate in-person and online training for foresters (public and private), loggers, landowners, and others on silvicultural management topics.

5. Amid growing property values, as well as strong timber harvests, the balance of the forestry account has grown over the past several fiscal years. (The condition of the forestry account under the bill is discussed in a separate budget paper entitled, "Forestry Account Condition.") On June 30, 2021, the forestry account is expected to have a closing balance of \$35 million. Providing annual expenditure authority of \$225,000 will not risk the account's structural condition or significantly affect

available balances. The Committee could consider providing \$225,000 annually for implementation of the recommendations of the forest practices study [Alternative 1].

6. The forest practices study implementation plan discusses weaknesses in current forestry outreach activities. The implementation plan assigns responsibility for evaluating current outreach efforts to the DNR and UW-Extension. However, the plan describes how the elimination of funding for the Wisconsin Environmental Education Board, as well as less available funding in the UW-Extension and DNR budgets, have reduced outreach efforts and programming innovation in public forestry entities. DNR argues that it needs expenditure authority to develop a system to evaluate outreach efforts. DNR determined that developing a system to monitor outreach efforts would cost \$75,000 annually and would be an ongoing expense. The Department intends to use this funding to hire four limited-term employees (LTEs) to monitor and evaluate departmental outreach efforts. DNR indicates that existing forestry staff are unable to accomplish this work. The Committee could consider providing \$75,000 on an ongoing basis to hire four LTEs to perform monitoring and evaluation of DNR forestry outreach efforts [Alternative 2].

7. In addition to monitoring outreach efforts, DNR would use the funding authority in the Governor's proposal to fund research projects investigating the economics, feasibility and impact of forest management guidelines. The forest practices implementation plan indicates that rutting, stand maintenance and rotation are priority research subjects. The administration indicates that this funding would be used primarily to fund projects by outside researchers. DNR estimates that it would need to contract for approximately 1,500 hours of work on external research in each year of the biennium. The administration's proposal would provide DNR with \$100,000 annually on an ongoing basis to fund research projects [Alternative 3]. DNR, however, indicates that these funds would be needed as a one-time expense. The Committee could consider providing \$100,000 annually to DNR on a one-time basis for projects to evaluate and update the state silvicultural manual [Alternative 4].

8. As noted above, 2013 Act 20 directed DNR to award \$600,000 to the GLTPA and the Council on Forestry to develop the forest practices study. Of this amount, approximately \$139,300 remains unexpended. DNR reports that, while GLTPA has not submitted its final report, as required by s. 26.105(3) of the statutes, the study is complete and funds will lapse to the balance of the forestry account on June 30, 2019. The Committee could consider providing DNR the remaining \$139,300 for research projects related to the forest practices study [Alternative 5].

9. The Governor's proposal would also provide \$50,000 forestry SEG annually for DNR to develop and implement in-person and online trainings for people engaged in the forestry profession. The forest practices study argued that DNR should expand forest economics and operations training to other sectors, beyond public forestry professionals. The Committee could consider providing funding for DNR to create these outreach and training programs [Alternative 6].

10. The Committee could also take no action [Alternative 7]. Using existing funding, DNR forestry staff could propose agency research into different silvicultural techniques during the Department's research agenda process absent Committee action. Over the 2015-16 through 2017-18 fiscal years, DNR has had \$1.2 to \$2.5 million left unexpended in its primary forestry operations appropriation, from which the funding under this provision would be provided. However, DNR reports that if expenditure authority is not provided, the Department will either reduce core work

prioritized in the 2017 realignment or forgo implementation of policies recommended by the forest practices study.

**ALTERNATIVES**

1. Approve the Governor's request to provide \$225,000 forestry SEG for implementing the recommendations of the forest practices study.

ALT 1	Change to	
	Base	Bill
SEG	\$450,000	\$0

2. Provide \$75,000 forestry SEG annually for LTEs to develop and implement a monitoring system for forestry guidelines.

ALT 2	Change to	
	Base	Bill
SEG	\$150,000	- \$300,000

3. Provide \$100,000 forestry SEG in each year of the biennium on an ongoing basis for DNR to fund research projects related to the forest practices study's recommendations.

ALT 3	Change to	
	Base	Bill
SEG	\$200,000	- \$250,000

4. Provide \$100,000 forestry SEG in each year of the biennium on a one-time basis for DNR to fund research projects related to the forest practices study's recommendations.

ALT 4	Change to	
	Base	Bill
SEG	\$200,000	- \$250,000

5. Provide \$139,300 in 2019-20 for funding research projects related to the forest practices study. (This amount remains encumbered for the forest practices study under s. 20.370(5)(ax) of the statutes.)

ALT 5	Change to	
	Base	Bill
SEG	\$139,300	- \$310,700

6. Provide \$50,000 forestry SEG in each year of the biennium for DNR to prepare and offer online and in-person training on forest management techniques.

<b>ALT 6</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$100,000	- \$350,000

7. Take no action.

<b>ALT 7</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$450,000

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