

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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1. Type of Estimate and Analysis

Original    Updated    Corrected

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2. Administrative Rule Chapter, Title and Number

NR 1, Contracting with cooperating foresters and private contractors for regenerations services, NR 1.27

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3. Subject

Contracting with cooperating foresters or private contractors for forest regeneration services on harvested lands owned and managed by the Department of Natural Resource.

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4. Fund Sources Affected

GPR    FED    PRO    PRS    SEG    SEG-S

5. Chapter 20, Stats. Appropriations Affected

20.370 (1)(cy)

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6. Fiscal Effect of Implementing the Rule

No Fiscal Effect    Increase Existing Revenues    Increase Costs  
 Indeterminate    Decrease Existing Revenues    Could Absorb Within Agency's Budget  
 Decrease Cost

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7. The Rule Will Impact the Following (Check All That Apply)

State's Economy    Specific Businesses/Sectors  
 Local Government Units    Public Utility Rate Payers  
 Small Businesses (if checked, complete Attachment A)

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8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes    No

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9. Policy Problem Addressed by the Rule

2005 Assembly Bill 254 and the resulting 2005 Act 166 promulgated the process to provide an inventory of all forested Department of Natural Resource lands, identify the forest resources available for management, develop annual allowable harvest levels, and undertake such management within 90% and 110% of those levels. Act 166 further provided a mechanism, through the use of Cooperating Foresters, to assist the department in establishing timber sales. What was not provided was an additional funding source to implement pre and post harvest regeneration treatments in the areas harvested. These funds are needed to ensure the forest continues to be sustainably managed and to assure that the post harvest stand will continue to produce re-occurring forest products and other public benefits within state and certification guidelines. To date, Department owned lands have seen a 190% increase in timber sale activity since 2005 from approximately 9700 acres to approximately 25,000 acres per year. With an increase in timber sale activities, regeneration needs closely follow the acres harvested.

In the absence of the new rule the Department would rely on gifts, grants, and limited existing regeneration funds to implement regeneration activities on state owned lands. These funding sources fall short of regeneration needs and the ability to achieve future desired conditions on state lands will continue to be hampered. In addition, land managers may be apprehensive to harvest in more complex ecosystems where a quick response of regeneration is required. The new rule will provide assurance that funding will be available to implement forest regeneration activities after harvesting has occurred.

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10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

Entities that may be affected by the proposed rule that were contacted for comments include: cooperating foresters and private contractors that perform regeneration services. The department utilized a e-mail distribution list that includes registered cooperating foresters, members of Wisconsin Consulting Foresters (WCF), and small businesses that perform regeneration services.

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11. Identify the local governmental units that participated in the development of this EIA.

No local units of government are affected by this rule and as such none were involved in the development of the EIA

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12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The rule will provide a positive economic impact on short and long term business opportunities for contractors that perform and provide regeneration services and equipment. It is estimated that annual state spending under the rule will be between \$300,000.00 and \$600,000.00. This will support between 6,000 and 12,000 contractor-hours spread across the entire state, but concentrated in rural areas. The forests will continue to be sustainably managed and assure that the post harvest stand will continue to produce re-occurring forest products and other public benefits, including long-term support of Wisconsin forest products industry.

Minimal implementation or compliance costs are expected to be incurred. Any oversight or administration of this rule will be performed by existing staff.

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13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The new rule will provide assurance that funding will be available to implement forest regeneration activities after harvesting has occurred. In the absence of the new rule the Department would rely on gifts, grants, and limited existing regeneration funds to implement regeneration activities on state owned lands. Implementing the rule will allow the Department to meet land management objectives identified in property master plans and provide assurances that harvested lands will be regenerated and those harvested lands will be managed accordingly.

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14. Long Range Implications of Implementing the Rule

Wisconsin's state forests will continue to be sustainably managed and to assure that the post harvest stand will continue to produce re-occurring forest products and other public benefits within state guidelines.

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15. Compare With Approaches Being Used by Federal Government

The Federal Government provides a similar mechanism on federal lands. The USDA Forest Service utilizes the Knutson-Vandenberg) – Brush Disposal (KV-BD) accounts, which are deductions from timber sales to fund forest regeneration and reduce fire hazard. The USDI Bureau of Indian Affairs utilizes Forest Management Deductions (FMD) under 25. CFR § 163.25 for a similar purpose and method.

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16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

A search of rules in Illinois, Iowa, Michigan, and Minnesota revealed that these states do not have similar rules

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17. Contact Name	18. Contact Phone Number
Tim Beyer	(920) 892-8756 x3047

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This document can be made available in alternate formats to individuals with disabilities upon request.

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

### ATTACHMENT A

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

The rule will provide a positive economic impact on short and long term business opportunities for contractors that perform and provide regeneration services and equipment. It is estimated that annual state spending under the rule will be between \$300,000.00 and \$600,000.00. This will support between 6,000 and 12,000 contractor-hours spread across the entire state, but concentrated in rural areas. The forests will continue to be sustainably managed and assure that the post harvest stand will continue to produce re-occurring forest products and other public benefits, including long-term support of Wisconsin forest products industry.

There are no new compliance, reporting, or bookkeeping requirements with the proposed rule..

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

This rule is not expected to have any adverse impact on small businesses.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

There will be no impact on small business.

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

This rule provided a positive economic impact on small businesses the perform regeneration services. Minimal implementation or compliance costs are expected to be borne by small businesses. It simply provides a funding mechanism to fund regeneration work on state managed lands.

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5. Describe the Rule's Enforcement Provisions

There are no enforcement provisions specific to this rule other that enforcement of performance measures outlined in State of Wisconsin Professional Services contracts (specific performance criteria, state labor laws, etc.)

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes  No
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