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Assembly Bill 559 – Eliminating the Restriction on Leasing Managed Forest Land
Assembly Committee on Environment & Forestry
December 8, 2015

Thank you Chairman Mursau and members of the committee for holding a public hearing today on Assembly Bill 559. This bill eliminates the current restriction on leasing property that is designated as Managed Forest Land (MFL) and authorizes the owner of closed MFL to enter into a lease or other agreement that permits others to engage in recreational activity on the land.

The prohibition on leasing of land in MFL was first enacted as part of the 2007 state budget. MFL is the only conservation program with this kind of restriction. For example agricultural land can be entered in the Conservation Reserve Program (CRP), which does not have any restrictions on leasing.

Reinstating the ability of landowners in MFL to lease their lands will protect property rights, provide taxable income to woodland owners in between timber harvests, and create additional hunting and outdoor recreation opportunities that also benefit the local economy.

AB 559 has the strong support of the Wisconsin Alliance of Forest Owners, who are also here to testify today. Thank you and I am happy to answer any questions.



AB 559

Assembly Committee on Environment and Forestry

Department of Natural Resources Testimony
James Warren, Public & Private Forestry Section Chief
Division of Forestry
December 8, 2015

Mr. Chairman and Committee Members:

Good morning. My name is James Warren and I am the Public and Private Forestry Section Chief in the Department of Natural Resources' Division of Forestry. I appreciate this opportunity to appear before you to discuss AB 559. The Department is testifying for information only.

The Managed Forest Law (MFL), enacted in 1985, is the keystone tool available to encourage sound forest management of Wisconsin's privately owned forest lands. The law provides a property tax benefit in exchange for a long term commitment to practicing sustainable forestry. MFL has been a very successful tool and currently has nearly 50,000 entries encompassing approximately 3.3 million acres of private forest land.

These well managed lands provide significant benefits to all 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.

The public receives benefits from a program that encourages land use decisions that maintain our forest land and provide an array of economic, environmental and recreational benefits. The challenge is to balance the incentive necessary for private landowners to make a long-term commitment providing these public benefits while assuring the public a positive return on their investment in these lands.

The provision in this draft legislation come from one of the recommendations included in the Wisconsin Council on Forestry's report titled "The Managed Forest Law, A Summary of Recommended Program Revisions" dated June 19, 2013. This bill repeals the prohibition on leasing that has been in place since 2007. When the MFL was enacted in 1985, leasing was not allowed, however, a DNR rule change in 1992 authorized leasing. In 2007, in response to the closure and leasing of a large MFL ownership that had previously been open for the public under the law, the legislature amended the law to prohibit leasing.

This bill would modestly decrease DNR administration. DNR currently spends time investigating violations of the leasing prohibition and the need for those types of investigations will be removed should this bill become law.

Thank you for the opportunity to testify on this bill. I am happy to try answering any questions you may have.



**Testimony on Assembly Bill 559
Assembly Committee on Environment and Forestry**

**Wisconsin Alliance of Forest Owners
December 8, 2015**

Mr. Chairman and Committee Members:

My name is Doug Duren and I'm the President of the Wisconsin Alliance of Forest Owners, a trade association that represents the interests of Wisconsin's private woodland owners.

First, thank you for the opportunity to testify on this bill. And a special thank you is in order for Representative Czaja for taking the initiative to sponsor this important piece of legislation.

For those of us who have forest land enrolled in the Managed Forest Law, there is no more important piece of legislation than this one to help us continue to provide the raw material needed to support Wisconsin's \$20 billion forest industry.

Background: In 2007, then Senator Russ Decker, inserted a provision into the budget bill that prohibited landowners, landowners who manage over 2 million acres of MFL closed acreage, from being able to receive any consideration from others in exchange for allowing recreational use of their lands. The bill was then signed into law by former Governor Jim Doyle. **That change affected all, not just new, MFL agreements.**

Reasons for Supporting This Bill

- 1) Contractual Agreement and Property Rights:** Prior to the statutory change in 2007/2008, landowners in MFL signed what they believed was a contract with the state, an agreement that had allowed them to lease their land, or receive other compensation, for recreational use of their land. This property right was taken away, without any landowner recourse, by passage of this legislation. It was made clear by this change that the MFL order is viewed as an agreement on the state side, but as contract on the landowner side.
- 2) Tax Fairness:** The argument has been made that woodland owners who pay the MFL rate of \$10.68/acre get a tax break. When looking only at woodland taxes that is true. Land classified as Productive Forest is taxed at an average of \$32.39 per acre; land classified as Agricultural Forest (forest land associated with other agriculturally classified land) is taxed on average at \$22.45 per acre. Compared to tax rates on other rural lands, the picture is much different. The statewide average tax on the 12,000,000 acres of Agricultural land (corn, beans, hay, etc.) is \$3.17 per acre; land used as pasture is \$1.53 per acre. When comparing the MFL rate of \$10.68 per acre to other agricultural uses, the woodland owner is still paying 3.5 to 10 times the tax



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paid by owners of other agricultural land, land that also is not subject to anywhere the same number of restrictions and requirements that are imposed on MFL lands.

- 3) **MFL is the only Conservation Program Where Landowners cannot Receive Consideration for Recreational Use of Their Land:** For example, agricultural land can be entered in the US Department of Agriculture's Conservation Reserve Program (CRP). CRP pays a landowner not to farm the land (in SW Wisconsin as much as \$185 per acre); the land maintains its Ag property tax status and there are no restrictions on leasing. CRP contracts are generally for 10 years and are truly contracts.
- 4) **Economics of Rural Areas:** There are many economic reasons for allowing leasing on MFL lands:
 - Provides **taxable income** for a woodland owner between harvests. Harvests of woodland occur on average every 25 to 30 years.
 - Hunters and recreational land users visiting an area, especially on a regular basis, **support the local economy** by patronizing restaurants, taverns, grocery and other stores.
 - Many **landowners will reinvest the income** in to their land and hire land management providers to help manage their property.
- 5) **Conservation:** Conservation benefits by:
 - Hunters and recreational who lease land help manage the property for the benefit of the landowner and wildlife.
 - Hunters tend to voluntarily sustainably manage the species they hunt. This will **help deer management** in the state. Other species also benefit as a result.
 - **Hunters will have the opportunity for quality hunting experience on private land** without the issues of unrestricted public access on open lands.
 - **The hunting experience on open land should also improve** as hunting pressure will decrease with more hunting being made available on private land.
 - **Hunter requirement programs would benefit.** It would once again be legal for hunters and landowners to have formal agreements where the hunter does specific kinds and amounts of work for the landowner in exchange for recreational use of their land.

Thank you for the opportunity to provide testimony on this bill.

Respectfully submitted,

Douglas J Duren
Wisconsin Alliance of Forest Owners



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December 8, 2015

WWOA Testimony to the Assembly Committee on Environment and Forestry in Support of AB 559

I am Nancy Bozek, Executive Director of the Wisconsin Woodland Owners Association (WWOA), representing thousands of Wisconsin's private woodland owners enrolled in the Managed Forest Law (MFL) program.

WWOA fully supports AB 559 to reinstate authorization of the owner of closed MFL lands to enter into a lease or other agreement permitting persons to engage in recreational activity on the land. 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. Woodland owners with closed MFL lands should not be restricted from using their woodlands for recreational purposes that are compatible with practicing sustainable forestry. This will provide additional acreage available for a wide variety of recreational purposes including hunting.

WWOA recognizes the value of the MFL program and the importance of woodland owners to retain certain rights while participating in an incentive program that provides forest crops for our state's forest product industries.