



WISCONSIN LEGISLATIVE COUNCIL

REVIEW OF THE MANAGED FOREST LAND PROGRAM

Room 412 East
State Capitol

September 9, 2010
10:00 a.m. – 4:00 p.m.

[The following is a summary of the September 9, 2010 meeting of the Special Committee Review of the Managed Forest Land Program. The file copy of this summary has appended to it a copy of each document prepared for or submitted to the committee during the meeting. A digital recording of the meeting is available on our Web site at <http://www.legis.state.wi.us/lc>.]

Call to Order and Roll Call

Chair Clark called the committee to order. The roll was called and it was determined that a quorum was present.

- COMMITTEE MEMBERS PRESENT: Rep. Fred Clark, Chair; Reps. Donald Friske and Mary Hubler; Sens. Jim Holperin, Neal Kedzie, and Dale Schultz; and Public Members Mike Carlson, Bill Horvath, E.G. Nadeau, Dean Pelkey, Charly Ray, Mark Rickenbach, Eugene Roark, Fred Souba, Jr., and Richard Stadelman.
- COMMITTEE MEMBER EXCUSED: Public Member Mark Abeles-Alison.
- COUNCIL STAFF PRESENT: Rachel Letzing, Senior Staff Attorney, and Scott Grosz, Staff Attorney.
- APPEARANCES: Kathryn Nelson, Forest Tax Program and Policy Chief, Bureau of Forest Management, Department of Natural Resources (DNR); Mark Rickenbach, Associate Professor and Extension Forest Policy and Management Specialist, University of Wisconsin (UW)-Madison Department of Forest and Wildlife Ecology; Paul Pingrey, Pingrey Forest Consulting, LLC; John Hess, Town Chair, Town of Wyoming, Iowa County, Wisconsin; and Richard Wedepohl, Wisconsin Woodland Owners Association.

Approval of the Minutes of the Committee's August 18, 2010 Meeting

The minutes of the August 18, 2010 meeting were approved by unanimous consent.

Presentations by Invited Speakers

Kathryn Nelson, Forest Tax Program and Policy Chief, Bureau of Forest Management, DNR

Kathy Nelson provided additional information on topics and questions asked after the August 18, 2010 committee meeting. She clarified the definition of non-industrial private landowner (NFIP) and noted that the definition of NFIP includes non-industrial corporations, such as timber management organizations and real estate investment trusts. She explained the definitions of large and small landowners in the Managed Forest Land (MFL) program and described the differences between the two regarding management plans, maintaining inventory, and harvesting requirements. She noted that large landowners, using their own foresters, are responsible for tracking their inventory and determining where and when harvesting is done, which is monitored by DNR. Ms. Nelson provided statistics regarding the number of MFL landowners with primary residences other than Wisconsin. She then provided additional information about the MFL program, including the enrollment process and the new management plan template. Ms. Nelson also described the relationship between property taxes and forest tax laws and the impact of MFL land on local municipalities' tax bases.

Following her presentation, Ms. Nelson responded to questions from committee members.

Mark Rickenbach, Associate Professor and Extension Forest Policy and Management Specialist, UW-Madison Department of Forest and Wildlife Ecology

Mark Rickenbach described certain results of his completed and on-going research projects related to the impact of private forestry in Wisconsin and focused his presentation on comparing landowners enrolled in MFL with those not enrolled, and the impact of MFL enrollments on property tax revenues. He described how MFL landowners and non-MFL landowners have similar characteristics, and noted that the major difference between the two groups appears to be landholding size. He explained that people with larger land holdings are more likely to see MFL enrollment as attractive, particularly when landowners determine that their property taxes are too high and they do not wish to sell their land, despite the significant upfront costs, long-term commitment, and compliance requirements of the MFL program. Regarding the impact of MFL enrollments on property taxes, Mr. Rickenbach noted that unlike the agricultural forest classification that reduces property taxes by 50%, MFL reduces property taxes to a fixed statewide amount, which likely ensures high MFL enrollments in places where property taxes are high. He noted that since shared revenue rates were capped at 2003 levels, increased MFL enrollments have resulted in a small, but unevenly distributed, increase in town property tax mill rates.

Following his presentation, Mr. Rickenbach responded to questions from committee members.

Paul Pingrey, Pingrey Forest Consulting, LLC

Paul Pingrey presented information on the evolution of sustainable forestry in the MFL program. He began his presentation by providing a brief history of the concept and evolution of "sound" or "sustainable forestry" in Wisconsin law over time. He explained that, ch. 28, Stats., regarding state

forests, was revised in 1995 and includes a model definition of “sustainable forestry.” He noted that an important additional provision in ch. 28, Stats., requires the calculation of an annual allowable harvest consistent with property master plans. He described the steps involved in creating an MFL certified group through Tree Farm and Forest Stewardship Council (FSC) and noted that MFL certification was a voluntary process in which an MFL owner could choose to opt out of certification. He explained that the MFL certification combined with MFL best management practices and MFL program accountability have created access to the certified wood marketplace, better logging jobs, and access to environmental services markets. Mr. Pingrey stated that from the perspective of FSC certification, both the definition of “sustainable forestry” and the purposes and benefits statement from ch. 28, Stats., are ideal.

Following his presentation, Mr. Pingrey responded to questions from committee members.

John Hess, Town Chair, Town of Wyoming, Iowa County, Wisconsin

John Hess described the Town of Wyoming’s involvement and experiences with the MFL program. He explained that approximately two-thirds of the acreage in the town is woods, and approximately 45% of those acres are in the MFL program. He noted that he is also an MFL landowner. Mr. Hess stated that even though MFL land has a significant impact on the town property tax roll, he believes that the MFL program helps the town maintain its rural character and provides its middle class with a significant tax savings.

Following his presentation, Mr. Hess responded to questions from committee members.

Richard Wedepohl, Wisconsin Woodland Owners Association (WWOA)

Richard Wedepohl described his experiences as an MFL landowner and provided a summary of issues and recommendations from WWOA. He explained that he and other WWOA members are deciding whether to reenroll in the MFL program when their orders expire and that the many legislative changes made to the MFL program since its creation are of great concern to MFL participants. Mr. Wedepohl explained the requirements associated with the “agricultural forest” classification and noted that this appeared to be a better option for his acreage than MFL reenrollment. He stated that WWOA’s recommendations regarding the MFL program are: providing long-term agreement assurances to landowners through contractual language; changing the prohibition on leasing; continuing to provide open and closed options at reasonable rates; providing more flexibility on lands eligible for enrollment and providing waiver capability in the rules for exceptional situations, such as catastrophic loss, as long as program objectives are met; maintaining reasonable tax levels for growing a long-term crop; simplifying the yield tax calculation method and ensuring a transparent process; and recognizing that forestry is long-term agricultural use.

Following his presentation, Mr. Wedepohl responded to questions from committee members.

Review and Discussion of the Scope and Statutory Purpose of the MFL Program and Public Access on Managed Forest Land

Chair Clark distributed a list of questions for discussion purposes, relating to the scope and purpose of the MFL program and public access. The committee began discussing the first two questions regarding scope and purpose: (1) should the expectation for management objectives be the same on state forests and private forests?; and (2) should “sound forestry” or “sustainable forestry” be defined consistently on state lands and MFL lands? After a lengthy discussion regarding the importance and

breadth of issues surrounding the scope and purpose of the program, Chair Clark determined that these two questions would be deferred and discussed at a later time.

The committee began discussing the third question regarding scope and purpose: should the program recognize management for forest products, such as biomass, or ecosystem services, such as clean air, clean water, or carbon? The committee discussed whether to amend the MFL purpose statement in s. 77.80, Stats., to include ecosystem services and biomass and whether to expand the allowable products that can be included in the 80% category under s. 77.82, Stats. Several committee members expressed concern that these statutes are currently not compatible with ecosystem services and as such, should be amended to allow MFL enrollees to take advantage of emerging markets, include a broader range of forest products, and recognize different aspects of sound forestry within the 80% category. Other committee members expressed concern about changing the program in ways that may be detrimental to the timber and forest products industry and the popularity of the program. Chair Clark stated that he would convene a working group on the issue of ecosystem services which will report back to the entire committee.

The committee then discussed the fifth question regarding scope and purpose: should the MFL program enrollment periods and/or minimum size of ownerships be changed? Committee members discussed whether to increase the 10 acre minimum acreage requirement and noted that working on a 10-acre parcel, especially under the 80/20 requirement, is very difficult and expensive. Some committee members expressed concern that raising the 10 acre minimum could cause these parcels to be cut, which will have adverse effects on wildlife, hunters, and nature-lovers. Other members explained that the trend is toward smaller parcels and that more flexibility in the management plans of these parcels could be helpful. The committee then discussed ways to incentivize smaller landowners to join as a group and to cluster their management practices together. The committee then asked for more information about the Working Lands Initiative agricultural enterprise areas in order to determine whether this model could be used to create "forest enterprise areas" for small parcels.

Chair Clark then directed the committee to the discussion questions regarding public access on MFL land. The committee briefly discussed the first question: should public access continue to be a primary purpose of the program? It was the consensus of the committee that recreational access should remain a statutory requirement for the MFL program.

The committee then discussed the second question: should funds collected for "closed" enrollments be used to secure public recreation access? Committee members expressed interest in creating a mechanism to ensure that the closed acreage fees are used to secure public access either through purchasing or leasing land. The committee discussed whether closed acreage fees should be placed in a segregated account or trust fund administered by either a state or local entity or whether the closed acreage fees should be returned directly to the towns and counties to purchase public access.

The committee also discussed the third question related to public access: should large ownerships that are subsequently subdivided be enrolled as closed land? Committee members discussed several options regarding this issue, including requiring parcels over a certain size to dedicate a portion of acreage to public access, clarifying the legislative intent of the MFL program and creating a lower tax rate for larger parcels as a disincentive to break parcels into smaller pieces. Several committee members noted that if enough money is secured to create more public access and the leasing prohibition is removed, then this may become a less pressing issue.

At the end of the discussion, Chair Clark stated that at the next meeting, the committee will finish its discussion of public access issues and begin discussing local government revenue and zoning issues.

Other Business

The committee will meet again on *Thursday, October 6, 2010, at 10:00 a.m., in Room 412 East, State Capitol, Madison.*

Adjournment

The meeting was adjourned at 4:00 p.m.

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