



## WISCONSIN LEGISLATIVE COUNCIL

### REVIEW OF THE MANAGED FOREST LAND PROGRAM

Room 412 East  
State Capitol

August 18, 2010  
10:00 a.m. – 4:00 p.m.

[The following is a summary of the August 18, 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; Rep. 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: Rep. Don Friske, Vice Chair.

COMMITTEE MEMBER VIA  
CONFERENCE CALL: Public Member Mark Abeles-Alison.

COUNCIL STAFF PRESENT: Rachel Letzing, Senior Staff Attorney, and Scott Grosz, Staff Attorney.

APPEARANCES: Sen. Fred Risser and Rep. Marlin D. Schneider, Co-Chairs, Joint Legislative Council; Terry C. Anderson, Director, Legislative Council; Paul DeLong, Administrator, Division of Forestry and Chief State Forester, Department of Natural Resources (DNR); Kathryn Nelson, Forest Tax Program and Policy Chief, Bureau of Forest Management, DNR; Terry Mace, Forest Utilization and Marketing Specialist, DNR; Kathryn Fernholz, Executive Director, Dovetail Partners, Inc.; Andrew Lisak, County Administrator, Douglas County; George Meyer, Executive Director, Wisconsin Wildlife Federation; and Fred Souba, Jr., Chair, Wisconsin Council on Forestry.

## **Opening Remarks**

Senator Risser welcomed the committee members. He said that out of 50 proposed special committee topics, the Joint Legislative Council formed 15 committees. In addition, he said that the Joint Legislative Council chose 180 individuals to serve on those committees. He said that the committee's recommendations will be forwarded to the Joint Legislative Council and, if approved, to the full Legislature.

Representative Schneider explained that the only rule in Legislative Council committees is that a committee member must be present to vote. He described his personal interest in the Managed Forest Land (MFL) program and, accordingly, in the creation of the special committee to review the program.

Terry Anderson thanked committee members for serving and noted that committee members had a copy of the guidelines for Legislative Council study committees at their places. He said that the committee has a page on the Legislative Council website where all committee materials and a digital audio recording of each meeting will be posted. He explained how public members may be reimbursed for their expenses.

## **Introduction of Committee Members**

Chair Clark invited each member of the committee to provide a brief introduction to other members of the committee. Following these introductions, Chair Clark outlined the agenda for the meeting and identified several broad topics that the committee will review over the course of its meetings. Those topics included: the scope and purpose of the MFL program; sustainability; public access; the affect of the MFL program on local units of government; new markets and new forestry practices; and trends in forest conditions and forest ownership. He invited the committee to suggest additional presenters for future meetings.

## **Presentations by Invited Speakers**

### ***Paul DeLong, Administrator, Division of Forestry, and Chief State Forester, DNR***

Paul DeLong described the history of forest tax programs in Wisconsin, beginning with laws dating back to 1927. He described the original intent of the forest tax programs as an effort to prevent "cut and run" forestry practices by shifting the taxation of forests to the time income is received by forest owners. Mr. DeLong provided data on the number of enrollees and acreage in the current MFL program, and noted that other states hold Wisconsin's MFL program in high regard. Mr. DeLong described certain challenges to the program, including issues related to tax rate optimization, public access, forest management standards, and acknowledgement of intangible benefits provided by the MFL program.

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

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

Kathy Nelson provided additional information on the purposes of the MFL program, as well as changes to the program since its inception. She described the efforts of the program to encourage management of private forests, to provide for the production of forest crops, to address ecological issues such as water quality and habitat for threatened species, to provide tax deferral, and to provide recreational activities to landowners and the public. Ms. Nelson described the process used to create management plans and meet management goals. She described the MFL program as it relates to public access and the decision of a landowner to close lands or provide public access, including aspects of access relating to leasing. Ms.

Nelson outlined the role played by municipalities in the MFL program as well as the financial impact of the program on municipalities.

***Terry Mace, Forest Utilization and Marketing Specialist, DNR***

Terry Mace presented the committee with statistical information on Wisconsin's forest industry. He described the challenges faced by the industry in recent years, and described the effect of the MFL program on timber harvests during the same time period. In general, he noted that the amount of timber harvested from managed forest land declined significantly less than the amounts harvested from other property.

Following his presentation, Ms. Nelson and Mr. Mace responded to questions from committee members.

***Kathryn Fernholz, Executive Director, Dovetail Partners, Inc.***

Kathryn Fernholz presented information to the committee on the topic of carbon credits and ecosystem markets. Ms. Fernholz compared the use of the phrase "carbon credit" with the phrase "carbon offset," noting that the use of the terms varies based on whether a transaction has occurred. She described a variety of markets for carbon credits and variation between different definitions of credits, but noted that each measurement of carbon credit addresses the same goals of increasing carbon storage and decreasing emissions. Ms. Fernholz described the potential for forest management practices to change based on the consideration of carbon credits and described the methodology for measuring the effects of carbon storage.

Ms. Fernholz responded to questions from committee members following her presentation.

***Andrew Lisak, County Administrator, Douglas County***

Andrew Lisak began his presentation with a description of Douglas County's forest resources and the participation of Douglas County landowners in the MFL program. He emphasized the role the forests play in the timber and tourism industries. Mr. Lisak then discussed the effect that the MFL program has on Douglas County's property taxes. He provided data on changes to property tax rates under certain scenarios relating to the taxation of forest land. Mr. Lisak closed his presentation by presenting certain ideas for consideration by the committee, including limits on MFL enrollment, methods to address personal property tax avoidance, and the treatment of the "corporate veil" with regard to closure of lands under the MFL program.

***George Meyer, Executive Director, Wisconsin Wildlife Federation (WWF)***

George Meyer began his presentation by describing the interests of the WWF in the MFL program. He identified the WWF as a strong supporter of the MFL program and noted the program's efforts to protect wildlife habitat and watersheds and its provision of raw material for the wood products industry. Mr. Meyer identified the issue of public access as the primary concern for the WWF. He described the historical context of public access in the Wisconsin's forest tax programs and suggested that the committee address the use of grant money for recreational activities, as described by statute. Following his presentation, Mr. Meyer responded to questions from committee members.

***Fred Souba, Chair, Wisconsin Council on Forestry***

Fred Souba provided background information on the Wisconsin Council on Forestry and described the council's interest in the MFL program in terms of the program's economic and environmental attributes. Based on its February, 2010 report to the Legislature, Mr. Souba suggested a number of issues that the

Special Committee should consider in its review of the MFL program. Following his presentation, Mr. Souba responded to questions from the committee.

### **Discussion of Committee Assignment**

Following the presentations described above, Chair Clark invited members of the committee to share their thoughts on desired outcomes for the work of the committee.

Mr. Carlson described his core issues as relating to scope and purpose of the MFL program, as well as the issue of public access. He expressed an interest in discussing the treatment of wildlife and ecological goals in the MFL program.

Mr. Souba identified an interest in the treatment of private land owners and changes that might provide incentives for landowner participation.

Mr. Horvath raised the issue of the use of the term “contract” in the MFL program and the contractual expectations of program participants. He also discussed the issues of parcel consolidation, public access, and involvement of local government in the MFL program.

Mr. Ray discussed the statutory scope of the program and the need to address the ecological role of the MFL program as it relates to wildlife diversity and watershed protection. He also raised questions about public access and fees for closed land.

Senator Holperin expressed concerns with substantially changing the focus of the MFL program from its current form and overemphasizing the ecological component of the program. He also identified issues relating to relative taxation of managed forest land in comparison to non-MFL property.

Chair Clark described an interest in the changing demographics of MFL owners, public access, and the role of restoration in the MFL program.

Senator Kedzie discussed the topics of land values, catastrophic losses, such as the effects of the emerald ash borer on managed forest land, and out-of-state ownership of managed forest land.

Mr. Nadeau expressed concerns for the effects of the MFL program on local governments, and discussed issues of the scope of the program as it relates to ecosystem services and carbon sequestration.

Mr. Stadelman expressed concerns related to the involvement of local governments in the MFL program as well as a lack of local institutional knowledge on the programs.

Mr. Roark suggested clarifying the use of the phrase “contract” in the MFL program and discussed the issues of parcelization and fragmentation of managed forest land. He also raised concerns about agricultural use assessments and taxation of agricultural forest land.

Mr. Pelkey raised the issue of conflicts between the MFL program and other DNR conservation practices. He also described his thoughts that the MFL program should be considered a goal practice rather than “business as usual” when setting benchmarks for carbon credit programs.

Mr. Abeles-Alison raised concern about the treatment of shoreland MFL property compared to inland property. He also raised the question of whether a cap on MFL acreage should be implemented.

Mr. Rickenbach expressed interest in involving local governments in MFL program decision-making, and identified public access and the purpose of the program as suitable for consideration by the committee.

### **Other Business**

The committee will meet again on *Thursday, September 9, 2010, at 10:00 a.m., in Room 412 East, State Capitol, Madison.*

### **Adjournment**

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

SG:ksm