



WISCONSIN COUNCIL ON FORESTRY

Scott Walker, Governor

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March 30, 2017

Henry Schienebeck
Chairman
Butternut

Jane Severt
Vice-Chair
Rhineland

Troy Brown
Antigo

Matt Dallman
Tomahawk

Fred Souba
Wisconsin Rapids

Tom Hittle
Tomahawk

James Hoppe
Rhineland

James Kerkman
Bangor

Rep. Jeffrey Mursau
Crivitz

Mark Rickenbach
Madison

Paul Strong
Rhineland

Sen. Tom Tiffany
Madison

Richard Wedepohl
Madison

Ken Zabel
Janesville

Ken Price
Stevens Point

Rep. Nick Milroy
Superior

Sen. Janet Bewley
Ashland

Jason Sjostrom
Hayward

To: The Honorable Senator Alberta Darling
The Honorable Representative John Nygren
Co-Chairs, Wisconsin Joint Committee on Finance
C/O Committee Clerk
Joe Malkasian
State Capitol
Room 305 East
Madison, WI 53702

Subject: Biennial 2017-2019 State Budget - *Support for Wisconsin's Knowles-Nelson Stewardship Program*

As you prepare to review and vote on the 2017-2019 State Budget, the Wisconsin Council on Forestry would like to express our support for the Knowles-Nelson Stewardship program. Specifically, we view the Stewardship funding for working forests easements, county forest land acquisitions and state forest inholding purchases as critical to retaining forests and the forest products industry of Wisconsin. We recognize that the Stewardship program is a substantial and important investment; as of 2005 Act 25, the state's Forestry Account pays at least \$13.5 million in debt service on the Stewardship program each year.

The Stewardship program has been an effective tool to minimize forest fragmentation and keep our forestlands in timber production and available to the public for outdoor recreational activities. Our forests provide an array of economic, environmental and social benefits; however, the landscape for a portion of our private forest lands continues to change. Historically, Wisconsin's large private timberlands were owned by traditional forest industries. These lands that were once held by paper companies and sawmills, are now increasingly owned by Timberland Investment Management Organizations (TIMOs). These new types of large private timberland owners and managers often include real estate land sales to supplement timber harvest revenue as part of their asset management strategy, resulting in the fragmentation of these working forest lands.

In Wisconsin, large private landowners now hold 747,762 acres in Wisconsin's Forest Tax Law programs, down from 1.1 million acres in 1999. While some of this land may have stayed in MFL as small owner accounts, we know that some has been lost to non-forest uses, resulting in less timber production, access and habitat. What once were large contiguous blocks of forest are likely now fragmented. If the

acres are still forested, management on these acres becomes more expensive and complicated; a burden to forest professionals and the forest industry as well as impairing ecological function of the forest. Our timber industry is faced with competition on a regional, national and global scale and must be able to secure reasonably priced fiber from reliable markets. These large, private working forests play a key role in providing this wood fiber.

How big is Wisconsin's forest industry?

- * Wisconsin leads the nation in value of shipments in forest products – \$24.7 billion per year, employing more than 64,800 people.
- * Wisconsin is the #1 paper producer in the nation and has been for 60 years.
- * Every job in forestry supports 1.7 additional jobs in the state.
- * There are 1,489 primary and secondary forest product companies in Wisconsin.
- * The pulp and paper sector is the largest employer with 31,372 jobs followed by sawmills and other wood products with 27,568 jobs. These businesses generate \$173 million in direct taxes.

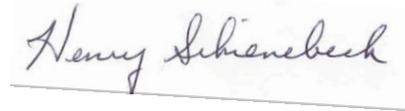
To date the Stewardship Fund, in partnership with the Federal Forest Legacy program, has purchased interests in approximately 259,435 acres of private, productive forest land that will be available for future timber production, public access and wildlife habitat, by attaining access, subdivision and sustainable forestry rights through working forest easements. Additionally, for the past several years a portion of Stewardship funding has been utilized by County Forests which have added more than 18,000 acres to their land management programs. Management of this additional County Forest acreage provides public recreational opportunities and locally retained income from timber harvesting. The Stewardship Program has been Wisconsin's most effective tool to minimize forest fragmentation and keep these lands in timber production and available to the public for outdoor recreational activities.

The Council believes there needs to be strong oversight of the Stewardship program and supports practices that the county, state and partners have implemented such as collaborative ranking of acquisition and easement purchases. To ensure funds are being used on the best projects, diverse partners come together to prioritize stewardship projects.

The Council understands lawmakers' concern with continually increasing state taxpayers' bonding obligations under Knowles-Nelson Stewardship and would like to see exploration of alternative funding mechanisms for the Stewardship Program. Council members would welcome the opportunity to participate in discussing new options and alternatives. Until viable funding alternative(s) are identified, we know of few, if any, government bonding programs that provide taxpayers with the multiple and tangible economic, conservation and recreation benefits as does the Knowles Nelson Stewardship Fund.

The Council on Forestry respectfully encourages you to support Wisconsin's working forests and the vital role the bipartisan Stewardship Program plays in providing working forest conservation easements, local cost share land acquisitions, and state forest inholding purchases as a tool to keep these forests intact, assessable and working.

Sincerely,

A handwritten signature in cursive script that reads "Henry Schienebeck". The signature is written in black ink on a white background and is positioned above a thin horizontal line.

Henry Schienebeck
Council Chair

*Please note that due to the nature of their positions, Representatives Jeffrey Mursau and Nick Milroy, Senators Tom Tiffany and Janet Bewley, State Forester Fred Souba, Chequamegon Nicolet National Forest Supervisor Paul Strong, Jason Sjostrom, and Professor Mark Rickenbach respectfully withdraw their names as signatories of this letter.