



WISCONSIN COUNCIL ON FORESTRY

Scott Walker, Governor

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May 23, 2017

Henry Schienebeck
Chairman
Butternut

To: Members of the Joint Finance Committee

Jane Severt
Vice-Chair
Rhineland

Troy Brown
Antigo

Matt Dallman
Tomahawk

Fred Souba
Wisconsin Rapids

Tom Hittle
Tomahawk

James Hoppe
Tomahawk

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

It is with great appreciation for your commitment to Wisconsin's forests and forest products industry that I write this letter on behalf of Wisconsin's Council on Forestry (COF). As you know the COF was established in 2002 under Chapter 26.02 to advise the governor, legislature, the Department of Natural Resources, the Department of Commerce, and other state agencies, as determined appropriate by the COF, on topics as they affect forests located in Wisconsin.

As a council representing forestry we cannot overstate the importance of forestry to Wisconsin. Forests cover almost half of the land area in the state. According to Wisconsin Economic Development Corporation and Wisconsin DNR economic data, Wisconsin's forest products industry supports nearly 65,000 direct jobs generating \$24.7 billion in revenue. There's also indirect employment of more than 111,000 jobs and converted paper product manufacturing and pulp, paper, and paperboard mills produced an additional \$5.3 billion of output in 2011, which is almost four times the output of dairy products manufacturing.

Given the importance of forestry to Wisconsin, the COF strongly supports Wisconsin's State Forestry funding program. Because of this dedicated funding source, The Forestry Mill Tax (FMT), Wisconsin has the ability to work collaboratively with private landowners, industry, business and counties to ensure forestry remains a strong component of the state's economy, and that our forests remain safe from the threat of wildfire, insects and disease.

Wisconsin's Managed Forest Law Program is the envy of landowners and forest product consumers throughout the nation. Because of forest based incentives, private land owners provide approximately 60% of the raw material used by industry.

Good Neighbor Authority, as authorized in the 2014 Farm Bill, allows state, county and private consulting foresters under WDNR guidance to establish National Environmental Policy Act (NEPA) approved timber harvests in the Chequamegon-Nicolet National Forest. Because the Wisconsin legislature was able to provide startup monies for WDNR from the forestry account, GNA was implemented quickly and has become a substantial contributor of raw material for Wisconsin forest industries. The success of Wisconsin's GNA program is currently the envy of the Nation.

These are just a couple examples of programs that would not be possible without the available, dedicated funding from the collection of FMT. This funding gives Wisconsin the opportunity to support forestry without creating a shortfall elsewhere in the budget.

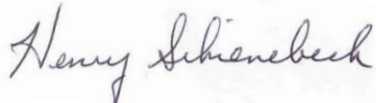
The FMT is a property tax collected by the state as governed by Wisconsin's Constitution and the legislature which sets the rate, since 1927. The Governor's 2017-2019 proposed budget includes elimination of the collection of this state property tax and replacing the tax with general purpose revenue (GPR). While we appreciate the Governor's recognition of the importance of fully funding Forestry operations in the state, the Council is very concerned about the loss of a dedicated funding source.

Considering the importance of this industry to the state, the COF makes the following recommendations*: (1) maintain the FMT through this biennium; (2) audit the forestry account so we can be fully informed on how collected funds are allocated; and (3) in light of the audit, make recommendations on how forestry funds are best spent.

While we trust the current administration's commitment to fund forestry by allocating funding from GPR, we are very concerned about the actions of future administrations who may not share the same values and recognition of the importance of forestry. Therefore the COF believes the best option is to continue the FMT until we have complete information. An audit would allow the COF to understand which programs are crucial and which may allow room for greater fiscal responsibility.

We respectfully request your consideration in this matter. Please contact me with any questions or concerns.

Sincerely,



Henry Schienebeck
Council Chair

*Motion May 18th CoF meeting: The Council will send a letter to Governor and members of the Joint Finance Committee supporting maintaining the Mill Tax as it exists for the next biennial budget and requesting an audit of the forestry account which the COF will use to advise the Governor on the future expenditures of the mill tax account per the role of the Council.

Supported

- Senator Bewely
- T. Brown representing lumber industry
- M. Dallman representing nonprofit conservation organizations
- T. Hittle representing forest products companies that manages forest land
- J. Kerkman representing Society of American Foresters
- Representative Mursau
- K. Price representing consulting foresters
- M. Rickenbach representing School of Forestry
- R. Wedepohl representing Non-industrial private forest landowners

Abstained

- J. Hoppe representing pulp and paper industry
- J. Severt representing County Forests
- J. Sjoström representing secondary wood industry

Absent

- Representative Milroy
- Senator Tiffany
- K. Zabel representing conservation education