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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2003-04

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Forestry...

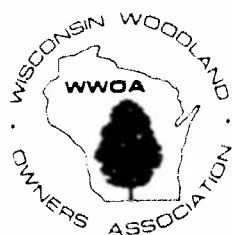
COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
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- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (July 2013)



Wisconsin Woodland Owners Association, Inc.

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July 8, 2003

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TO: Assembly Committee on Forestry
FROM: Wisconsin Woodland Owners Association Inc.
RE: **AB 323** – to amend the MFL program

The Wisconsin Woodland Owners Association (WWOA) is a nonprofit, educational association by and for Wisconsin's private woodland owners. WWOA represents more than 2200 private woodland owners.

WWOA believes that changes are necessary to the current Managed Forest Land (MFL) program however, we are concerned that some of the proposed changes in AB 323 will discourage landowner participation in a long term program designed to encourage sustainable management of Wisconsin's private forests and provide a resource base for Wisconsin's timber industries.

WWOA supports a number of the provisions included in AB 323. These include:

A. a more equitable distribution of funds among the state, county, and towns collected under MFL.

B. increasing the nonrefundable application fee, but to \$200, rather than the \$300 proposed. WWOA proposes creating voluntary informational workshops on the MFL program requirements and application procedures for landowners. We believe this would eliminate misinformation on program requirements and assist landowners in correctly completing their application. Landowners attending a workshop would receive a \$100 voucher toward their application fee. WWOA is willing to cosponsor these informational workshops for private landowners with the DNR.

C. the use of certified plan writers and DNR foresters for writing MFL management plans. We would like to suggest a 5 year, maximum 10 years, phase in period for the certified plan writer program. However, we also support a provision that would allow a landowner to write their own plan.

D. increasing the allowable closed acreage to 160 acres per municipality and the ability to redesignate lands open or closed once during the period of the order.

E. the recalculation of the annual acreage tax using Class 5 and 6 lands and its assessment on open MFL lands at 5% for NEW contracts entered into the program.

F. the idea of a noncompliance assessment of \$250 for failure to complete a mandatory practice. WWOA would like to represent private woodland owners in the creation of this system of fines so that it is fairly administered. The system must acknowledge that managing timber includes market, weather, and other conditions that are beyond a landowner's control.

WWOA does not support the following provisions in AB 323:

G. the creation of a grant program for nature-based outdoor recreation with the additional funds collected under the increased application fee and annual closed acre rate. These funds should be used to assist private landowners in managing their forests sustainably through additional technical resources rather than the purchase of additional public lands. This would follow the intent of the law to encourage the management of private forest lands for the production of future forest crops. MFL participants should not pay increased taxes to fund this grant program if it is to be used solely for the purchase of land.

H. the elimination of DNR notification to the landowner when the 25 or 50 year MFL contract is to expire. The MFL program was created by the Legislature to be an incentive program to encourage sustainable management of Wisconsin's private forests. Why would the State spend 25 or 50 years cultivating the ideals of sustainable forest management with a landowner and then not notify them when their contract is expiring? DNR should notify landowners of the contract expiration in a timely manner to allow for reapplication, if so desired by the landowner.

I. the extension of the processing period to 18 months for MFL application and renewal. We suggest the creation of semiannual deadlines for MFL application - January 31 and July 31. People are known procrastinators, therefore the majority of MFL applications come into the DNR just before the current January 31 deadline. By creating semiannual deadlines for applications this will spread the workload throughout the year.

(over)

The January deadline should continue to follow the current timeline of 11 months for plan approval and entry into the program. The July deadline should follow an equal timeline with taxes prorated once entry into the program occurs since approval will come midyear. We suggest a similar time line for contract renewals.

J. the change in calculation of the formula and resulting increasing rates applying to current contracts. The proposed changes in this bill should apply to new MFL applicants. Existing contracts should be grandfathered into the law. This is not without precedent. In the 1971 (Chapter 215, Laws of 1971) the Forest Crop Law program under went a similar revision and existing contracts were not changed. If existing contracts will not be grandfathered in, then WWOA supports an option for present MFL contracts to be terminated without penalty. If the landowner feels that their contract has been broken and they do not wish to continue under provisions of the new law they should have a twelve month period following enactment of the bill to withdraw from the MFL program.

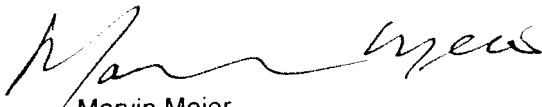
K. the bill's provision to set MFL payment on closed acreage at 20% of the statewide average of Class 5 and 6 lands. This may result in some landowners actually paying the same or more property taxes under the MFL closed provision than they would if the land wasn't entered into the program and was taxed at their local rate. This would eliminate any financial incentive for the private landowner to participate in the MFL program.

In addition we would like to suggest the following for the committee's consideration:

L. WWOA also supports the elimination of the averaging formula for calculation of the yield tax and instead suggests that the yield tax be assessed on actual income from the timber sale. All taxes in Wisconsin are based on actual income, this is the only tax that we are aware of that uses an averaging formula to determine tax owed to Wisconsin.

M. WWOA supports keeping the annual acreage rate low and slightly increasing the actual yield tax under MFL. Growing trees does not produce an annual income in fact it might be decades before landowners receive any income from their woodlands. The MFL program was designed to defer the annual acreage tax paid by landowners and collect a percent of the income received when timber was sold off the land. In light of this, WWOA proposes linking these two ideas in the proposed bill. We support increasing the annual acreage tax for closed MFL lands to 10% of Class 5 and 6 lands, rather than the 20% proposed in the bill, AND increasing the actual yield tax to 6%. WWOA supports these changes only if these two ideas are both incorporated in the proposed bill.

Thank you for the opportunity to comment on AB 323. We would be happy to answer any questions the committee may have in regard to our comments.


Marvin Meier
President



Written Statement

For the Public Record

Committee on Forestry Hearing

July 8, 2003

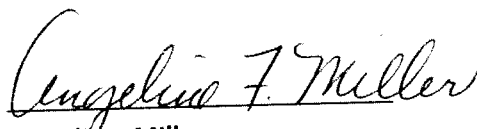
Merrill, WI

Statement includes:

- Written Statement (7 Pages)
 - Background
 - Abstract
 - Assembly Bill 323
 - Additional Comments
 - Closing

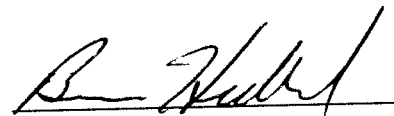
- Attachment: Response to State Senator Roger Breske (4 pages)

Total pages: 11 pages



Angelina Miller
(Property Owner)
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P.O. Box 125
Long Lake, WI, 54542-0125

Physical Address:
W5 85 Morgan Lake Road
Fence, WI, 54120



Brian Hubbard
(Author)
Mailing Address:
2021 Meadow Court, #2
West Bend, WI, 53095

Re: **Written Statement**

Committee on Forestry

C/O: Rep. **Donald Friske**
35th Assembly District
Room 312 North
State Capitol
P.O. Box 8952
Madison 53708

Brian Hubbard

2021 Meadow Court, Unit 2
West Bend, WI, 53095
Cell (414) 745-9817
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July 8, 2003

The following is our written statement for the public hearing on July 8, 2003 in Merrill, WI regarding Assembly Bill 323 revisions to the Managed Forest Law (MFL) to be entered into the public record.

1.0 Background

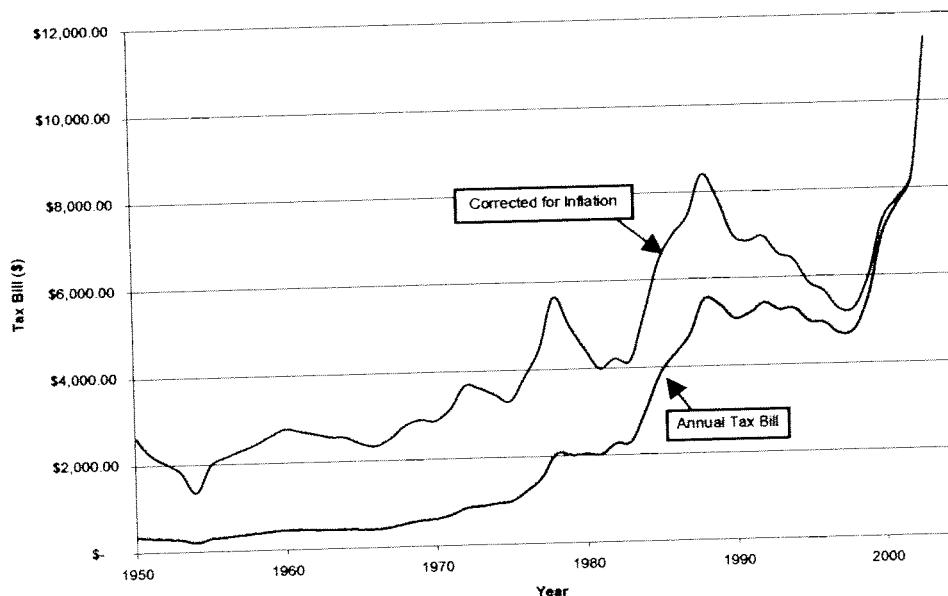
Angeline Miller is the owner of 740 acres of forested property in the Town of Fence in Florence County. Brian Hubbard is the grandson of Angeline Miller, and has been assisting in the operations of the property.

Angeline Miller has owned the property for over thirty (30) years and has continuously managed the property for sustainable forestry. In this period, we have planted over 80,000 trees; developed a privately prepared forest plan (with minimal financial assistance from the Wisconsin Department of Natural Resources (DNR)); and have harvested over 2,000 cords of timber in the past 12 years alone. In 1992, we were named Tree Farmer of the Year in Florence County.

Currently, we are not participating in the MFL program; are not eligible for the program; and have found that the program is not in our better interest to pursue. However we have found that the MFL has had an undue influence on driving our property tax bill to obscene levels.

While some have tried to claim that the MFL is not the source of rise in property taxes, nobody has yet produced a creditable explanation to the contrary. The spread of the MFL is the predominant factor in the calculation of mill rates (and subsequently individual property tax bills) that cannot be eliminated as the source of the increases.

Our Tax Bill History



As recorded in the Public Record with the Florence County Assessors Office

2.0 Abstract

The DNR and the MFL have long demonstrated their lack of interest to actually work with the property owner for the benefit of the owner. Assembly Bill 323 does not change that.

The day once existed in which the DNR worked in unison with private property owners. Then the DNR realized that it could simply dictate down only its vision of forestry, and circumvent a free capitalist marketplace. The MFL is the only form of forestry assistance from the state, where once many diverse programs once existed, a demonstration that the DNR lacks interest in diversity.

The MFL is filled with plurality on the economics of the program. It is marketed as a tax relief program to private woodland owners, and as a side benefit to in turn improve the productivity of their forest and the timber industry as a whole. Yet the DOR asserts that the MFL pays its way and then some in the tax system. How can the MFL increase tax revenue to a district and be a tax relief program at the same instance?

The abundance of conflicting reports along with the departure from trends actually occurring on tax bills to the DOR assertions emphasizes the need for an Independent Economic Audit of the MFL program. The Committee on Forestry should request an audit of the program as well as prepare an Environmental Impact Statement for the program to conclusively prove the programs merits.

The revision to the MFL proposed here in Assembly Bill 323 have little to do with actually addressing the real faults of the program. The real faults that are not being recognized are:

- The absolute, iron fist, rule of the DNR in the management of the MFL
- The economic tax trade offs with MFL enrollment to the levies

Until these concepts are recognized and addressed, the continuation of the MFL is not in the better interest of property owners, both enrolled and non-participating (including non-eligible).

3.0 Assembly Bill 323

State Assembly Bill 323 contains the proposed amendments/alterations to the Managed Forest Law recommended by the committee.

The changes to the MFL included in this bill include:

Note: Indexing corresponds with the Analysis by the Legislative reference Bureau

3.1 Increase filling/application fee

- 3.1.1 The need to increase the filling fee (\$100-\$300) suggests that applicants are fleeing from the program (prior to enrollment) once they really learn what the program is.
- 3.1.2 If the program was truly a good program, nobody would withdrawal an application. It should be a signal that there are serious flaws with the program. The lack of follow thru should not be used as an excuse for increasing fees.
- 3.1.3 The flaws of the program should be addressed prior to this provision.

3.2 Requirement that management plans be written by the DNR or DNR certified writers

- 3.2.1 This requirement will create a monoculture forest based on only the DNR vision of forestry. Many of the practices widely used by the WI DNR are ignoring the trends in other states DNR. Certified Writers are merely an extension of the DNR. The DNR is not the only one capable of writing forest plans or managing a productive forest.
- 3.2.2 The National Forest Service requires an Environmental Impact Statement be prepared every 10 years. The holdings of National Forest land in Wisconsin are 1/5 the size that is enrolled in the MFL. It is time that the DNR proves its management techniques in a similar manner as the National Forest does.
- 3.2.3 The DNR incurs zero risk in its management of the MFL program.
 - 3.2.3.1 When partnerships are created between the private owners and mills, there is some guarantee of a market or harvest value for the

- timber in exchange for the owner to grow and reserve the stock for the mill.
- 3.2.3.2 These private partnerships, by whatever shares, are still responsible for the entire tax bill. The MFL simply changed the rules to exclude itself from the expense.
- 3.2.3.3 The MFL does not impart any guarantee of a marketplace or harvest value for the participants. Nor does it address the monetary loss on a product if the DNR timetable is not met.
- 3.2.3.4 The program does more to ensure that the mills have a surplus of timber, than it does to increase the return on the product for the property owner.
- 3.2.4 This provision should not be passed.

3.3 Delay the yield tax collection until after five (5) years of enrollment.

- 3.3.1 The point of the need for this clause is not readily apparent. The yield tax is that which the Department of Revenue (DOR) asserts is the balancing factor for the loss in the tax basis. With this assertion from the DOR, there would be no tax revenue to offset the loss of the tax basis. The loss of the tax basis without the yield tax will without a doubt increase the mill rate/property tax bill of non-participants.
- 3.3.2 If the DNR is interested in addressing the slash (clear-cut) and enroll that has been occurring, then it should look at the flaws of the program that make it in the property owner's better interest to act as such.
- 3.3.3 This provision does not address the problem, is bad and should not be passed.

3.4 Eliminate DNR slice of withdrawal tax

- 3.4.1 The DNR incurs zero risk from the program and should not be rewarded with a slice of the withdrawal tax.
- 3.4.2 This provision should be passed.
- 3.4.3 *An amendment should also be added that removes the DNR share (50%) of the yield tax (5%).*
 - 3.4.3.1 Again, the DNR incurs zero risk in the program. The DNR role in a timber sale is not significant and does not warrant undue reward.
 - 3.4.3.2 Currently, any state citizen is eligible for four hours of consultation with a state forester regardless of participation in the MFL or not.
 - 3.4.3.3 When accounting for the time of a forester's involvement in a harvest, the publicly available time must first be subtracted.
 - 3.4.3.4 By eliminating the DNR share, more revenue could be put against the levies that are exempt from the MFL.

3.5 Add a withdrawal fee in addition to the withdrawal tax

- 3.5.1 Is the addition of a withdrawal fee double taxation?
- 3.5.2 This provision should not be passed.

3.6 Increase the acreage limitation.

- 3.6.1 The bill proposes increasing the ceiling limitation for eligibility from 80 acres to 160 acres.
- 3.6.2 State Foresters have long been explaining how to work around the existing clause of 80-acre limit by fragmenting larger parcels into uniquely titled eligible parcels, thus promoting fragmentations. Then the foresters treat the collection as a sum when preparing plans, thus eliminating the entire point of the clause.
- 3.6.3 The clause should be eliminated altogether as it is a meaningless law when the enforcer is informing the public how to get around it. There is no reason for a ceiling limit in the program, if the MFL is truly a good program. Land Use Assessments do not have any maximum acreage limitations and neither should the MFL or any forestry program by the DNR.

- 3.6.4 The relevance of this provision passing holds little meaning and subsequently should be eliminated from the bill and be replaced with an amendment removing the acreage limitation in its entirety.

3.7 Alteration of the acreage share payment formula.

- 3.7.1 If the proposed changes are good for 2008, why are they not good for 2003? The alterations do not reflect the changes in the tax environment today, yet alone that of 2008.

- 3.7.2 The payment formula is currently recalculated every five years. There is no other tax that is locked in for five years.

- 3.7.2.1 An amendment should be added to have the rates re-calculated annually, like every other tax in Wisconsin.

- 3.7.3 The formulas are based on the assumption that the MFL is the minority share of the tax roll.

- 3.7.3.1 MFL accounts for 56% of the acres in the Town of Fence, which now makes the MFL the majority. The formula's assumptions are inherently flawed and need to be corrected to act as the majority.

- 3.7.4 The acreage share payments need to be amended to make payments additional to the county.

- 3.7.5 The acreage share payments need to be amended to make payments towards the public school system and the technical college system.

- 3.7.5.1 Currently, there are no payments made by the MFL towards the Public School system or the technical college system. As the MFL becomes the majority, the minority is exclusively burdened with the expense of these levies.

- 3.7.5.2 There are some school tax credits for the public school system from the state with limited correlation to the MFL enrollment.

- 3.7.5.2.1 It has not been proven that the credits received truly offset the loss of the tax basis as a result of the MFL.

- 3.7.5.3 There is no tax credit for the technical college system. Those remaining on the tax roll are solely responsible for the levy.

3.8 Additional closed acreage share payment be used by the DNR for grants

- 3.8.1 Why should the DNR be handling the funds from the closed MFL payment?

- 3.8.2 The provision should not pass.

- 3.8.3 The provision should be amended so that the funds flow directly to the town, county, school, and college levies.

3.9 Additional provisions for renewal petitions

- 3.9.1 The point of this provision is not well defined and is vague on the need for such a provision. More explanation of the provision and the need for it are necessary.

- 3.9.2 This provision should be tabled until it is better defined.

3.10 Legal record of enrollment with the County Register of Deeds

- 3.10.1 While a record of enrollment is a sound idea, if the practice does not include pre-existing enrollment, the program becomes tiered and more invasive to enrollee than to pre-existing participants.

- 3.10.2 The provision should be amended such that it becomes the expense of the DNR to remove/reverse the deed from the record.

- 3.10.3 If this provision is to be passed, it should be amended such that it includes these same requirements on pre-existing enrollments.

3.11 Creation of a non-compliance penalty

- 3.11.1 The DNR does not carry any risk in the operation of the program, only mandates. Once the DNR is subject to a risk for its involvement in the program, then a compliance penalty could be valid.

- 3.11.2 The penalty circumvents the ability of the property owner to act as a free agent in a capitalist marketplace.
- 3.11.3 This provision should not pass.

4.0 Additional Comments

4.1 Definitions:

Definitions are often confused in the timber industry. The differences are sharp and important to recognize when understanding the industry and the place of the MFL in the industry.

- 4.1.1 **Timber Producer** – A timber producer is the property owner who grows the product for a logger/contractor to harvest and supply to a mill.
- 4.1.2 **Logger/Contractor** – A logger is usually a contractor that performs the actual activity of cutting and transporting the product to the mill. The logger is a vital component of the timber industry, but is not usually the timber producer.
- 4.1.3 **Mill** – A mill is a sawmill or paper mill that is the consumer of the timber products, without which no industry would exist.

The MFL is supposed to be a benefit to the property owner, who is the timber producer, by practicing better forestry methods meant to improve the productivity and the value of forest products. In turn, the Loggers/Contractors benefit from increased need for their services. The mills have a supply of a resource that they need to operate their businesses. Many publications confuse who the real timber producer is and who is supposed to be the primary beneficiary of the MFL program, the taxpaying property owner. If the Property owner is not the primary beneficiary of the program, the very purpose and premise of the program is flawed.

4.2 Previously published provisions not included in the Bill

- 4.2.1 Extending the application deadline from 12 months to 18 months
 - 4.2.1.1 The need to extend the lead-time should not be a burden on an enrollee due to the DNR's inabilities. Extending the deadline forces applicants to endure another year's worth of unfair property taxes.
 - 4.2.1.2 A twelve-month deadline is more than sufficient notice on the property owners' part.
 - 4.2.1.2.1 All assessment work is already defined to occur within each year.
 - 4.2.1.2.2 Assessors are not allowed to overlap in the next year, and neither should the DNR's administration of the program.
 - 4.2.1.3 The bill should be amended to specify a deadline.
 - 4.2.1.4 The bill should also be amended such that delays and additional lead time due to backlog within the DNR, becomes the expense of the DNR reimbursable to the applicant.
- 4.2.2 Resource Aid Payments
 - 4.2.2.1 Discussion has occurred with increasing the Resource Aid formula and subsequently payments.
 - 4.2.2.2 If the assertion that the MFL truly does pay its way in the taxing districts, then alteration is not necessary.
 - 4.2.2.2.1 The request to change the Resource Aid formula should be interpreted as admittance of guilt that the MFL program does not pay its way.
 - 4.2.2.3 If it is necessary to alter the formula of the Resource Aid, to make the MFL viable, then an amendment to the current bill should be added to link the change in the Resource Aid to the changes in the MFL.

- 4.2.2.4 Disclosure is necessary for the amounts and ratios of the Resource Aid that are for the purpose of balancing the impact of the MFL.

4.3 Missing Concepts

4.3.1 Time periods

- 4.3.1.1 The state and the DNR have never demonstrated the ability to plan 25 years out, yet alone 50 years out, but still carry a predisposition that they can write a explicit contract for that period.
- 4.3.1.2 Many things can occur in 25 and 50 years in a forest. Anything over five (5) years should be regarded as nothing but loose goals, not explicit attributes of a contract.
- 4.3.1.3 If the MFL is truly a good program, then shorter period of enrollment are equally valid as long periods.
- 4.3.1.4 The bill should be amended such that a 5 year and 10 year options are also available.

4.3.2 DNR evasion of liability

- 4.3.2.1 The DNR has insulated itself from liability in any of the MFL contracts while it believes that it has the right to mandate plans and actions.
 - 4.3.2.1.1 If the strict definition of the DNR management plan calls for clear cutting or other practices that create a mono-culture that is vulnerable to insect infestation or disease, the owner has no opportunity of recourse with the DNR for following its requirements when disaster strikes.
 - 4.3.2.1.2 There is no reimbursement from the DNR if timber is to be cut at a loss under their management plan (with penalties) if the marketplace is down.


4.3.3 Industry Trends

- 4.3.3.1 There is no guarantee made by the DNR that there will even be a marketplace for the timber products next year, let alone 25 or 50 years from now.
- 4.3.3.2 The MFL operates under the Trickle-Down Theory of Economics, that the spread of the MFL will spawn additional jobs and income from the supporting services and consumers of the timber industry. However, mills in Wisconsin have been scaling back for several years already, and several mills in Minnesota and Michigan have been closed within the last year.
- 4.3.3.3 The spread of the program has not brought out increased value in timber products. Prices have even failed to keep up with inflation, suggesting that the aggressive tactics of the DNR are for naught. The lagging prices (or loss of value) also mean that the yield tax holds less meaning.

5.0 Closing

I can be reached at the address listed for additional comments on this bill or the program as a whole. The provisions of this bill are short sighted at best, and fail to recognize and address the real issues of the MFL program. I call on the Committee on Forestry and the state legislature for an Independent Economic Audit and an Environmental Impact Statement regarding the Managed Forest Law.

Sincerely,



Brian Hubbard

Brian Hubbard

2021 Meadow Court, Unit 2
West Bend, WI, 53095
Cell (414) 745-9817
Daytime (262) 677-1221

July 8, 2003

Re: **Response to Chief State Forester**

Senator Roger M. Breske

12th Senate District
Room 310 South
State Capitol
P.O. Box 7882
Madison 53707-7882

Sen. Breske,

I have also received the letter from Paul Delong, Chief State Forester and was disappointed in the lack of an adequate answer.

The response was quick to disqualify the Managed Forest Law (MFL) as the source of the escalation of property taxes based on a publication by the Department of Revenue (DOR). However, the study was flawed, inaccurate, lacked professional creditability and is a poor source of justification. The study was flawed in that it:

- Used the law of averages for the yield tax and withdrawal penalty rates applied to a single parcel.
- Neglected uniformity and the magnitude of enrollment in the program.
 - A proper study would have applied statistical methods of uniform distribution to more accurately represent the magnitude of enrollment.
 - Any individual change in assessment will have negligible effects statewide. The conclusion that the fractional enrollment results in a fractional difference in tax bills completely ignores the magnitude of the program. It is the sum of the changes that hold meaning.
- Used out-dated information, even for the time of the study (2000).
 - The withdrawal rate defined was from 1997
 - The Acreage Share Payments Rate was last used in 1998. The acreage share payment rate in 2000 was \$0.83/acre, not \$0.74/acre
- The study was performed on a 100-acre parcel, even though the law restricts enrollment to 80 acres.
- The mathematical errors in the State Tax Credit fail to lend professional creditability to the study.

If the assertion (from the study) that property in the MFL generates more tax revenue than property outside of the program, then why would anybody choose to enroll in the program to pay additional taxes? The assertion of the study is a complete reversal of the published and stated purpose of the MFL program; tax relief not tax hikes for participants. The assertion is not creditable.

At no point was an explanation of any kind offered for the rises in property tax bills. I am still awaiting a creditable explanation.

The lack of current, creditable information emphasizes the importance and the need for an Independent Economic Audit. I am requesting that you call for an Independent Economic Audit on the Managed Forest Law program.

That is all,



Brian Hubbard

Enclosures (3)

CC: Paul De Long, Chief State Forester

Mathematical Errors in the DOR Study

Taxing Jurisdiction	Before Enrollment	After Enrollment	Change	Change
Town of Moundville:				
Tax Levy	\$ 20,000.00	\$ 19,837.00	-\$163.00	-\$163.00
Full Value	\$ 19,248,500.00	\$ 19,182,800.00	-\$65,700.00	-\$65,700.00
Tax Rate (\$ per \$1,000)	\$ 1.0390	\$ 1.0341	-\$0.0049	-\$0.004939
Marquette County				
Tax Levy	\$ 5,646,578.00	\$ 5,646,559.00	-\$19.00	-\$19.00
Full Value	\$ 771,077,100.00	\$ 771,011,400.00	-\$65,700.00	-\$65,700.00
Tax Rate (\$ per \$1,000)	\$ 7.3230	\$ 7.3236	\$0.0006	\$0.00060
Portage Schools				
Tax Levy	\$ 6,367,297.00	\$ 6,366,726.00	-\$571.00	-\$571.00
Full Value	\$ 654,581,015.00	\$ 654,515,315.00	-\$65,700.00	-\$65,700.00
Tax Rate (\$ per \$1,000)	\$ 9.7273	\$ 9.7274	\$0.0001	\$0.000104
Madison Area Technical College				
Tax Levy	\$ 49,293,415.00	\$ 49,293,415.00	\$0.00	\$0.00
Full Value	\$ 33,304,182,009.00	\$ 33,304,116,309.00	-\$65,700.00	-\$65,700.00
Tax Rate (\$ per \$1,000)	\$ 1.4800	\$ 1.4800	\$0.0000	\$0.000000
State of Wisconsin				
Tax Rate (\$ per \$1,000)	\$ 0.20	\$ 0.20	0	\$0.00
State Tax Credit				
Amount	\$ 32,249.00	\$ 32,318.00	-\$111.00	\$69.00 (1)
Town Full Value	\$ 19,248,500.00	\$ 19,182,800.00	-\$65,700.00	-\$65,700.00
Credit Rate (\$ per \$1,000)	-\$1.6848	-\$1.6848	\$0.0000	\$0.0000
Credit Rate (\$ per \$1,000)	-\$1.6754	-\$1.6847		-\$0.00934 (2)
Difference	\$0.0094	\$0.0001		
Total Net Rate	\$ 18.0845	\$ 18.0803	-\$0.0042	-\$0.013570

As recorded in the Department of Revenues publication "Public Lands and Property Taxes" June 2000, pg 18.

Correct Mathematical results for After Enrollment minus Before Enrollment assuming the data presented by the DOR is correct.

(1) The other results (change) published by the DOR are the After minus the Before resultant. The published value contains an error of \$180.

(2) The calculation of the Credit Rate contains a mathematical error. These rows indicate the proper results not published by the DOR.

(3) Taken from the "Public Lands and Property taxes" publication by the Department of Revenue, June 2003, Pg 18, Table 3, Effect of Managed forest Land Enrollment in the Town of Moundville, Marquette County.

If it is assumed that the Before and After Enrollment Values published in the DOR study are correct, the results published by the DOR are inaccurate and have multiple basic mathematical errors.

The serious fundamental errors invalidate the study, the results and any conclusions drawn from the results. Relevant, accurate and professional studies do not contain such errors.

Hypothesis:

Theoretically, if the conclusion of the DOR study is assumed (even with the flaws) to be correct, then the MFL program increases tax revenue while decreasing property taxes, even with the loss of the tax basis.

Analysis:

Then for the Property Tax Bill to increase by the magnitude it has, then the levies/budgets have increased by such a magnitude

$$\text{Mill Rate} = \frac{\text{Levy}}{\text{Tax Basis}}$$

Year	Tax Bill
2000	\$ 6,965.00
2001	\$ 8,296.00
2002	\$11,400.00

137% Increase since 2001
164% Increase since 2000

Various public records do not reflect that the town, county, public school, or technical school have expanded/rasied their budgets/levies even close to this magnitude.

The Town of Fence and Florence County have either held or cut their budgets/levies.

Conclusion:

Since the levies do not reflect the same magnitude of change as the increase in the mill rates, and subsequently the property tax bill, The hypothesis mut be flawed, incorrect, and inaccurate.

More accurately, it directly suggest that the MFL does not replace tax revenue when enrolled MFL property is removed from the tax rall. The MFL does directly impact the tax basis does play a signifigant factor in the mill rates and subsequently the property tax bills.

MFL Effect on Assessed Values in the County

Approximation of MFL Differences

Approximated Assessed Value of MFL Lands	Total Real Estate Value	Total Equalized Value	% of Posted Town Value
12,181,016.19	54,662,516.19	55,724,116.19	28%
9,417,692.91	38,759,292.91	38,918,792.91	32%
17,728,500.00	44,423,200.00	44,656,300.00	66%
5,882,511.97	29,241,811.97	29,358,311.97	25%
12,631,528.01	45,219,428.01	45,284,128.01	39%
2,489,428.14	24,532,026.14	24,674,826.14	11%
6,834,875.63	22,583,675.63	22,709,875.63	43%
67,765,550.85	259,421,750.85	261,306,150.85	

Assessed Value of MFL Property	Ratio of Forest Value in MFL
\$ 17,728,500.00	1.28

Assuming that there is a normal distribution of entredgeable forest land through out the county, using the same ratio as the Town of Fence would result in a county wide effect of:

\$67 Million is 35% of the posted county value

In the town of Fence, MFL is the majority, NOT the minority of the Assessed Value

	Recorded Forest Value		Total Real Estate Value		Total
	Value	Acres	Value	Acres	
Town of Aurora	9,704,000.00	14,123,400.00	42,481,500.00	1,061,600.00	43,543,100.00
Town of Commonweath	7,502,600.00	14,123,400.00	29,341,800.00	158,500.00	29,500,300.00
Town of Fence	14,123,400.00	26,694,700.00	26,694,700.00	233,100.00	26,927,800.00
Town of Florence	4,886,300.00	32,587,900.00	32,587,900.00	116,700.00	32,704,600.00
Town of Homestead	10,082,900.00	22,042,600.00	22,042,600.00	142,600.00	22,185,200.00
Town of Long Lake	1,983,200.00	15,748,800.00	15,748,800.00	126,200.00	15,875,000.00
Town of Tipler	5,445,000.00	192,256,200.00	1,884,400.00	1,884,400.00	194,140,600.00
Total	53,507,400.00	1,015,180.00	192,256,200.00	1,015,180.00	194,140,600.00

	Town of Fence	Florence County
MFL Assessed Value	\$ 17,728,500	\$67,165,551
Acres	17,463	1,015.18
MFL \$/Acre	\$ 1,015.18	\$66.161

MFL Effect on County Levy & Mill Rate

Actual County Levy	348,771,500.00	Mill Rate W/o MFL =	348,824,309.00
Resource Aid Payment	50,890.33		261,306,150.85
MFL Acre in County	66,161		
Avg Yield Tax Rate(s/acre)	0.29		
Total Yield tax	\$ 19,186.73	Mill Rate W/ MFL = \$	1,334.93
DNR Slice (50%)	\$ 9,593.37	(\$ per \$1,000)	
Town Slice (80% of 50%)	\$ 7,674.69	Difference \$	461.56
County's Slice (20% of 50%)	\$ 1,918.67	% increase in County Mill Rate due to MFL	35%
Total County Budget Before Aid	348,824,309.00		

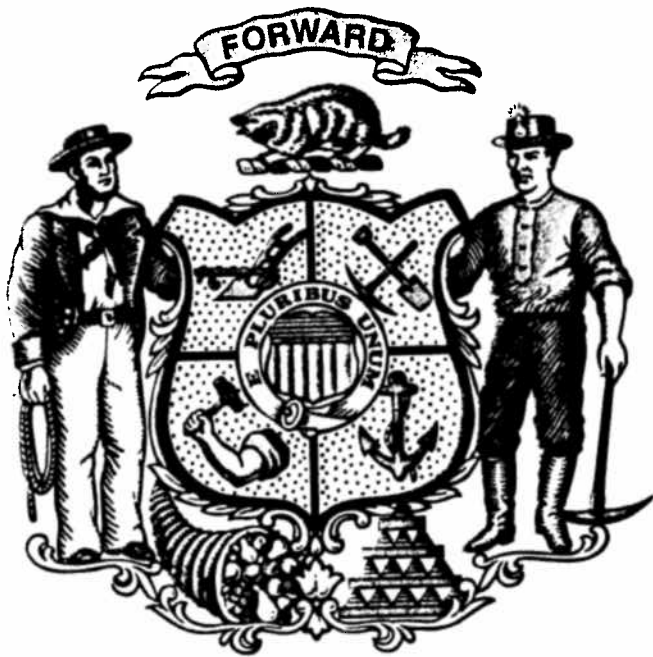
The Resource Aid Payment is only 0.015% of the levy

Unlike the DOR study, when a uniform distribution is applied over the entire county, even with the Yield tax Revenue and the Resource Aid Payment, there is a significant effect on the county's mill rate and subsequently property tax bills. The results drawn herein, are also more representative of actual trends in property tax bills in the Town of Fence, lending greater credibility to this type of study, rather than the DOR study.

This same effect should be visible for the public school system and the technical school system when the magnitude of enrollment is truly considered. The MFL is no longer the minority, it is very quickly becoming the majority in Florence County.

If the implication that the Resource Aid is the offsetting factor for the MFL effect on the Tax Basis, then the proposed alterations to the Resource Aid Payments should be attached/amended to Assembly Bill 323. Full disclosure of the relationship between the Resource Aid Payments and the MFL is also necessary.

- References:
- (1) - 2002 Statement of Equalized Values as set by the Wisconsin Department of Revenue, March 19, 2003.
 - (2) - Summary of Assessment Roll - Fence System, Oct 31, 2002, John Pearson, Assessor of Record - Town of Fence
 - (3) - County Property Tax Rates 2001, Wisconsin Department of Revenue
 - (4) - Letter from Paul De Long, Chief State Forester, June 23, 2003
 - (5) - "Public Lands and Property Taxes", Wisconsin Department of Revenue, June 2003, pp 16-18



I am Clyde Samsel. I am a sand county tree farmer, trying to restore land that was "corned to death" to use a phrase by Aldo Leopold. Our family has been working at this restoration effort for 53 years. I was 16 when we started planting trees with our Dad. We have planted over 200,000 seedlings with a lot of help from friends. I think we have improved the environment; wild life is now abundant on our land for hunters.

The deepest kettle hole on the Ice Age Trail runs through our reforested land. It is quite interesting terrain and I invite all of you to see it. A map is on the back of these comments. We plan to protect our land from development with a conservation easement even though the realtor lobby may strongly object; but we do want to protect the Ice Age Trail from those how would deny access to it.

Recently the ugly head of government at its worst has surfaced. It is called the MFL mandatory practice. It is mandatory that I harvest timber on steep terrain leading down to the water in the kettle hole. It is dangerous work and we are spacing the harvest to prevent erosion. It is mandatory. We are getting it done. If we did not carry out this mandatory practice, our DNR forester could simply report us to the DNR tax unit in Madison and we would be removed from the MFL program - without an opportunity to appeal. My taxes would go from \$1.74 to about \$50 per acre. I agree the MFL rate is low but not as a "tenant" farmer of the DNR. The problem is not with the DNR forestry staff. For the most part they are fine professional people. The real problem is with the Managed Forest Law (MFL) that is seriously flawed.

At the market value tax rate, I would be forced to sell our land to a developer and that part of the Ice Age Trail with its unique glacial features would be closed to the public forever. This situation is not specific to us. It is happening all over the state and is known as urban sprawl. The proposed changes to MFL to my great surprise takes a law with many flaws and makes it worse. There is not a single change that would be helpful to woodland owners. Many of the changes can be described as "revenue enhancers" or a back door way to tax land.

I don't want to stand before you and sound like another complaining taxpayer. I wish to offer you a clear solution to the MFL quagmire. Phase it out! The DNR should stop accepting new MFL applications right now. Then institute Use Value Appraisal for Forest Land using the Vermont or similar well-established tax model.

I would recommend that each woodland owner be required to have a management plan. Vermont Family Forests has an excellent template that a landowner can follow to make his own management plan. The average woodland owner in Wisconsin has 40 acres. In Waushara County it might consist of 30 acres of red and white pine and 10 acres of scrub oak. With a little help, the landowner could prepare his own management plan. He or she would be involved in the planning process; not like it is with MFL with the plan being done by the DNR. Each year he or she would report the progress in carrying out the provisions of the plan and fill out a form to report the plans for the coming year. What would be the incentive for a landowner to do a forestry plan you might ask. It would be the saving of about \$1800 per year on a 40-acre parcel in Waushara County. The proposed change to require certified DNR approved plan writers is insulting to the intelligence of woodland owners and it would be costly to taxpayers.

What happens when you want to get out of the Use Value program? In Vermont, if the landowner sold the 40 acres to a developer for say \$80,000, he would pay a change of status fee of \$8000 if the land was under Use Value for more than 10 years or \$16,000 if less than tens years. Urban growth certainly continues, but with better planning.

Use Value Appraisal using a good model will make forest management a priority with landowners. It will increase revenue over low MFL tax rate; it will reduce urban sprawl, and it will make it possible to reduce the size of the DNR. To me Use Value Appraisal for Forestland is a Win-Win Proposal for the Citizens of Wisconsin.

Reference: David Brynn, Vermont County Forester. www.familyforests.com

Clyde Samsel
7/8/2003

Chain Saw Safety Classes

Game of Logging Training Courses, Levels I, II, III, IV,

Cost: \$80 per Session (Call about Husqvarna Scholarships)

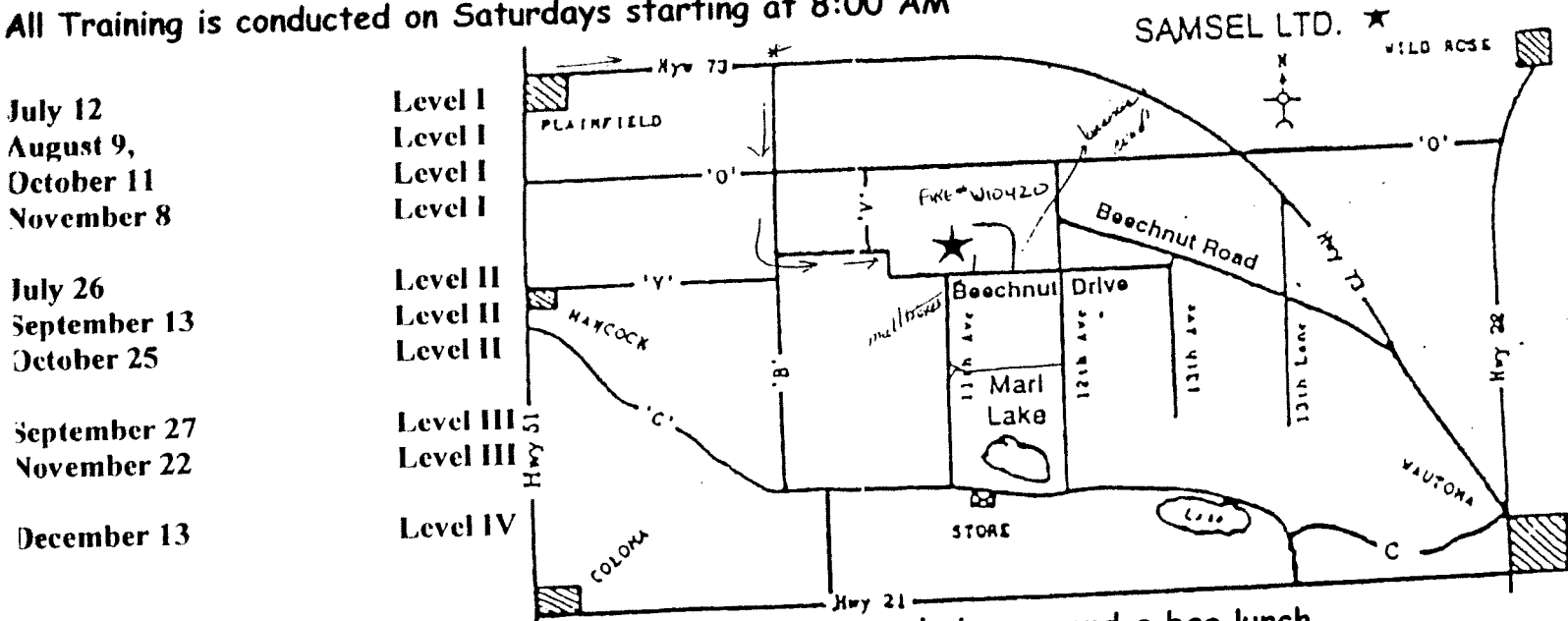
Location: Samsel Ltd., W10420 Beechnut Drive, Hancock, WI 54943

Please call for directions or information about the safety program.

Phone 1-800-699-3793, or Fax 1-715-249-5452 or email: samsel@uniontel.net

Instructor: Ken Lallemond Class Size limited to 10. Minimum Class Size 6

All Training is conducted on Saturdays starting at 8:00 AM



- July 12 Level I
- August 9, Level I
- October 11 Level I
- November 8 Level I
- July 26 Level II
- September 13 Level II
- October 25 Level II
- September 27 Level III
- November 22 Level III
- December 13 Level IV

Please bring protective headgear, chaps, work boots, a chain saw and a bag lunch.
 Chain Saws and protective equipment will be provided if needed.
 Please send a check made out to Timber Resources LLC

Please Mail to: Or: Deliver the Check to Samsel Ltd

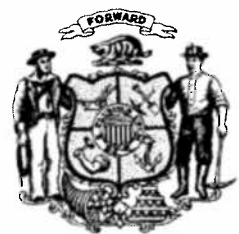
Timber Resources LLC
 45638 Hilltop Road
 Katawba, WI 54515
 c/o Ken Lallemond

We will forward it to Ken.

Special Classes on dates other than those listed can be arranged for groups of 6 to 10.
 Contact Clyde Samsel at samsel@uniontel.net or 1-800-699-3793



WISCONSIN STATE LEGISLATURE



July 8, 2003

To the Legislative Committee on Forestry

Hello

My name is Gene Schmit. I am a Director at Large for the Wisconsin County Forests Association and its former President. I am also a land owner with land under the Managed Forest Land Program.

I am here to support the change in the MFL program. I was one of the original people who put the original MFL Program together, and this past fall was on the subcommittee of the Governor's Forestry Council who looked at revisions of the present MFL program.

As with all things, times and conditions change and so it is with the MFL program. The change proposed would update various issues and keep the program current with present economies and operating procedures.

I therefore want to go on record for the Wisconsin County Forests Association as supporting the changes proposed in the Managed Forest Land Program.

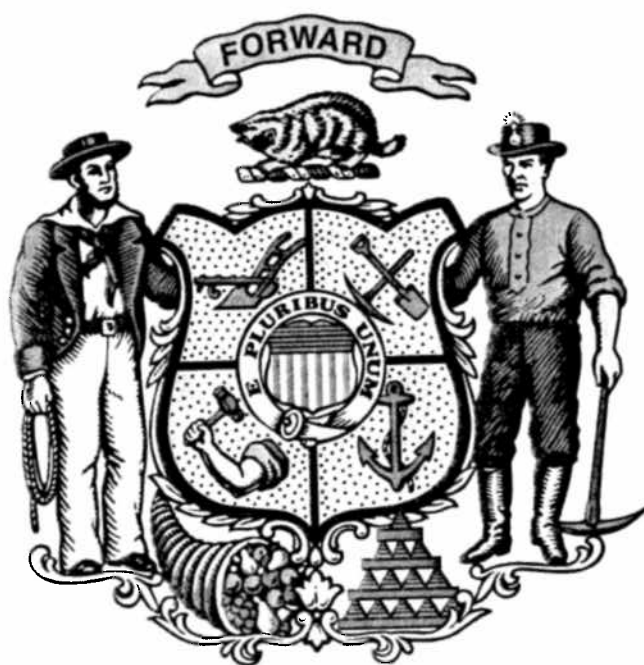
Gene Schmit

Director at Large

Wisconsin County Forests Association

W7451 River Road South

Tomahawk WI 54487



WISCONSIN CONSULTING FORESTERS (WCF)

Dedicated to high professional standards for forestry in Wisconsin

July 8 2003

Representative Friske Chairman
Representative Ainsworth Vice Chairman
Representatives Seratti, Williams, Hubler and Boyle

RE : Managed Forest Tax Law (MFL)

Dear Assembly Committee on Forestry Members :

I am here representing the Wisconsin Consulting Foresters, Inc. (WCF), an organization composed of private professional consulting foresters. Members of the WCF provide forest management services to Wisconsin woodland owners, such as preparation of forest management plans, timber marking, timber sales administration, and tree planting. Collectively we implement sound, sustainable, ethical forest management throughout Wisconsin.

WCF generally supports the proposed changes to the Managed Forest Tax Law (MFL). The WCF has a strong interest in the MFL and would like to present a proposal to further improve the efficiency of the program for the landowners of Wisconsin.

The intent of the proposal is to provide a means for a landowner to apply for the MFL program with a reduced time line between the application deadline and the date the order goes into effect. Under the current procedure the length of time is eleven months. The new proposal is to extend that time period to eighteen month, to provide additional time to have management plans prepared by either the DNR or contracted consulting foresters and approved by the DNR.

WCF suggests that if the property owner is willing to commit to providing (paying for) an approved forest management plan, prepared by a "certified plan writer" (part of the new proposal), that the application deadline be April 1st, nine months prior to the effective date of the order. The landowner would submit an approved plan with the application or a letter of understanding and commitment with the application that specifies that the owner will hold harmless the DNR if an approved plan is not provided by September 1st. If an approved plan is not provided by the September 1st the application would be void and the application fee forfeited. The letter could also provide a date that a draft of the management plan be submitted to the local DNR forester for comments and a length of time for the DNR forester to review the plan.

The financial reality is that the woodland owner will still save money by being able to enter the MFL program one full year sooner than under the proposed changes. An average ownership of 40 acres pays an average of just over \$21.00 per acre in real estate taxes each year for forest/waste and swampland. This is an annual tax bill of over \$800.00. The proposed cost to apply for entry into the MFL is \$300.00. The cost to have a forest management plan prepared on 40 acres is about \$700.00. If the WCF proposal is approved, a woodland owner will save \$100.00 (taxes less plan fee) in taxes the first year and over \$700.00 or more each year after using the current rate in MFL, plus \$280.00 (\$300.00 - \$20.00) for application fee.

This process will encourage landowners to contract directly with Certified Plan Writers and reduce the workload on the DNR foresters, allowing more time to contact new woodland owners and encourage sustainable forest management, which is a high priority activity

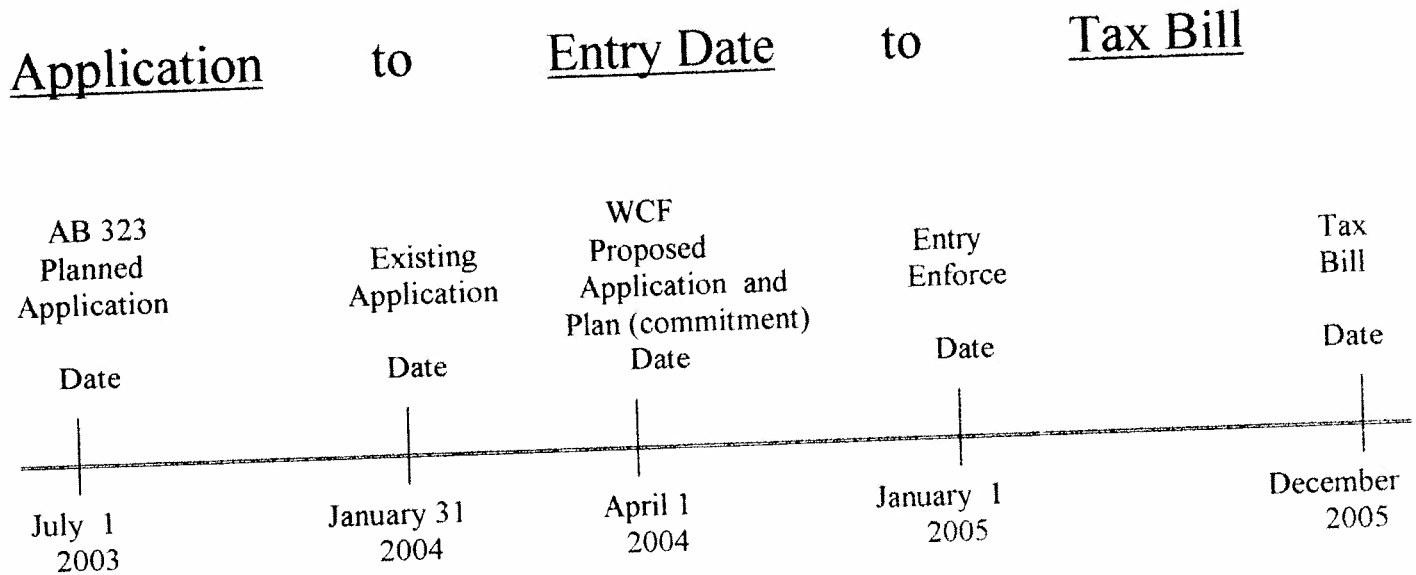
Sincerely,



Allan Waelchli, WCF Chairman
W7251 Belle Plaine Ave.
Shawano, WI. 54166
715-526-6020
forest2@frontiernet.net

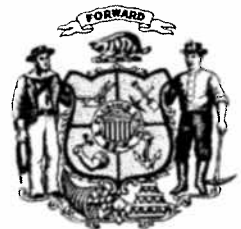
Managed Forest Law

Time Line





WISCONSIN STATE LEGISLATURE



Date: July 10, 2003

Representative Donald Friske
State Capitol
P.O. Box 8952
Madison, WI 53798

Re: Managed Forest Law Bill AB 323

Dear Representative Friske,

Thank you for providing the opportunity to comment on the Managed Forest Law (MFL) Bill AB 323. I believe a strong MFL is important to promoting forest stewardship from the non-industrial private landowner group, the group that represents 60% of the forestland in Wisconsin. As a private landowner of 360 acres, I strongly support the MFL. However, I have opposition to some of the proposed changes:

First, it is unclear how the acreage share payment will change. Specifically, I would like to know how the average statewide property tax per acre of property assessed as swampland, wasteland and productive forestland will be calculated. I have had discussions with both the WI Department of Natural Resources Tax Law Unit and the WI Department of Revenue and learned enough to know that there are different interpretations regarding how this number will be calculated (for example, market vs. assessed value). The average tax rate varies between \$13.35 per acre and \$19.93 per acre depending on the source of information used. Without clarification, I cannot determine the tax impact or offer any alternative to the percent used to determine the per acre assessments on open or closed lands and cannot support this proposed change in the MFL. It is important to the credibility of the program that landowners fully understand how their tax bill will be affected.


Secondly, I strongly believe that the proposed changes to the MFL should apply only to new applicants. This will maintain the integrity of the MFL and the commitment that previous MFL enrollees and the State of Wisconsin have made by contract or agreement.

Third, I recommend that additional payments made for closed MFL lands be used for non-industrial forestry education and outreach rather than for land acquisition grants. I believe that we are not reaching enough of the non-industrial private landowner group and need to improve education efforts.

Finally, I recommend that flexibility be built into any noncompliance assessment so that well intended landowners are not punished for not completing a practice because of circumstances out of their control. I recommend that a three year window be provided for a practice to be implemented and that reasonable progress be demonstrated. I know by experience from previous harvests that it can be difficult for a logger to give a guarantee on the start and finish of a job due to the many uncontrollable factors that can delay a timber harvest. Being a former logger, I'm sure you can appreciate my concern.

I support the other changes as recommended. This is a difficult issue to deal with. I commend you and your committee for your effort and hard work to improve the MFL and your commitment to Wisconsin's forest resources.

Sincerely,



Rob Kudick
N249 Scott Road
Merrill, WI 54452

Private Landowner and MFL Enrollee





Date: July 10, 2003

Representative Donald Friske
State Capitol
P.O. Box 8952
Madison, WI 53798

Re: Managed Forest Law Bill AB 323

Dear Representative Friske,

Thank you for providing the opportunity to speak at the public hearing on July 8th in Merrill in regard to the Managed Forest Law (MFL) Bill AB 323. I attended the meeting but had to leave prior to the end of the hearing. Therefore, I would like to provide written comment on the proposed changes to the MFL.

Wausau-Mosinee Paper Corporation supports a healthy MFL program. We believe it is the single most important tool supporting good forest stewardship on private forestland in Wisconsin.

The MFL helps to provide a valuable source of fiber to Wisconsin's forest products and paper industry. Because the MFL is primarily directed toward the production of timber, it is key in promoting a strong local economy and productive forests on private timberlands, lands that account for more than 60% of total land ownership in Wisconsin.


Finally, the program provides for deferment of taxes until timber is harvested, providing an incentive for forestland owners to retain their property, thereby reducing forest fragmentation.

Regarding the specific proposed changes, I am requesting more information on the acreage share payment so that I can determine the tax impact. Specifically, we would like to know how the average statewide property tax per acre of property assessed as swampland, wasteland and productive forestland will be calculated. I have had discussions with both the WI Department of Natural Resources Tax Law Unit and the WI Department of Revenue and learned enough to know that there are different interpretations regarding how this number will be calculated (for example, market vs. assessed value). The average tax rate varies between \$13.35 per acre and \$19.93 per acre depending on the source of information used. Until this is clarified, I cannot support this proposed change in the MFL.

Secondly, we believe that the proposed changes to the MFL should apply to only new applications or petitions. This will maintain the integrity of the MFL and the commitment that previous MFL enrollees and the State of Wisconsin have made by contract or agreement.

I commend you and your committee for your effort and hard work to improve the MFL and your commitment to Wisconsin's forest resources.

Sincerely,


Rob Kudick
Corporate Woodlands Manager

WAUSAU • MOSINEE PAPER CORPORATION

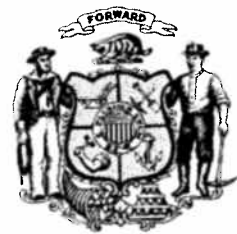
CORPORATE WOODLANDS

100 MAIN STREET • MOSINEE, WISCONSIN 54455

715/693-2111 (TEL) 715/693-0243 (FAX)



WISCONSIN STATE LEGISLATURE



CHANGES TO MFL BILL AB 323

My name is John Czerwonka. I live in the Town of Franzen which is in the southeastern part of Marathon county. I own 140 acres of land there. 50 acres of cropland and 90 acres of woods and swampland. I have 69 acres of my woods in MFL. 49 acres were put in in 1991 and 20 acres in 1997. I belong to the Wis Woodland Owners Association and the American Tree Farm system. My efforts at woodland management have made me the regional tree farmer of the year for this area.

I agree with most of the changes proposed for MFL. The increased payments to towns and counties, adding a withdrawal fee, increasing the transfer fee, certified plan writers, registered deeds, and even the creation of a fine for noncompliance.

But I disagree with the following changes:

Changing the annual per acre rate for closed lands. Using Department of Revenue figures for 2001, that would have been \$5.86 per acre last year. I paid \$6.60 per acre on the rest of my land in taxes last year.

Increase the closed acreage to 160 acres.

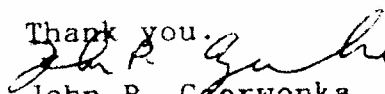
Using the funds from the increase in closed lands rates to provide more public land for recreation. We are closing more open land, increasing the closed land rates, and buying more public land for outdoor recreation. This does not add up. What about the additional cost for overseeing this grant program and the costs for the local government to oversee this additional land. Why not keep it the way it is and just raise the closed land rate to \$2.00 above the open land rate.

Another area I disagree with is changing the application deadline and the nonrefundable fee. It takes one year once you are approved for MFL before you get your changed tax bill. I would propose July 1st of the year of expiring MFL contracts for a renewal deadline. And January 1st for new applications. And a \$200 nonrefundable application fee.

Lastly, I would disagree with exempting new MFL orders from the yield tax for the first five years. If anybody strips the timber off before they enter MFL, they are not accepted into MFL.

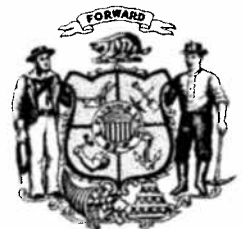
The idea behind the MFL is to increase timber production and wise use of our woodlands by proper management. Yes, the MFL law does need some changes made to it. But lets not kill the horse pulling the wagon just because the wagon has a flat tire.

Thank you.


John P. Czerwonka
565 S State Rd 49
Wittenberg WI 54499-9631



WISCONSIN STATE LEGISLATURE



In response to the proposed changes to the Managed Forest Law Bill, Assembly Bill 323 sponsored by Representative Friske of Merrill and cosponsored by Senators Welch of Redgranite and Breske of Eland.

As a member of WWOA I support their efforts and views on keeping annual acreage taxes low, Calculating the yield tax on the actual income derived from harvest; and public hearings should be held throughout Wisconsin to allow landowners an opportunity to comment.

The points of the proposal that I have problems with are: 1) MFL was a contract between the landowners and the state and once signed the contract can only be changed if it is mutually agreed or when the contract expires. 2) Changing the formula for calculating taxes and increasing the fees for closing lands, both resulting in higher taxes to current participants with no benefits to the landowners. 3) Promising to return 80% to the municipality but a part of this return is funded by the current MFL participants taxes being raised. 4) Past management plans were written with very specific deadlines and failure by the landowner to meet these deadlines will make them delinquent, all current plans need to be reviewed and updated to reflect reality.

When I entered into the MFL program it was my understanding that this was a legal contract and both parties had their ends to uphold. It is my understanding that the state will give lower property taxes in exchange for managing the forest in a sustainable manner. The lowered taxes were to be calculated using a specific formula and for those that did not want to have their land open to the public could close their lands for the additional fee of \$1.00 an acre. Well I'm managing my property according to the guidelines specified and now the state wants to change the formula so I will pay more tax and then change the \$1.00 an acre fee to a new formula which results in more tax. The state cannot hold the "contract" over my head to comply and then fail to meet the state obligations. With this proposal I see my taxes going up and in return I get to manage my property according to the same guidelines as under the old program with new stricter requirements. I own 200 acres all enrolled in MFL, I have closed 80 acres to try and lease the hunting rights to generate additional income. Currently I pay \$.74 an acre for 120 acres and \$1.74 an acre for the 80 closed acres. Under this proposal WWOA has calculated the open lands would be taxed at \$1.17 an acre and the closed lands would be taxed at \$5.86 an acre. This is an increase of over \$380 a year and I see no benefits, someone needs to explain to me what I get out of this proposal other than higher taxes.

I wrote to the DNR forester when I submitted a change to my management plan and I had fears of "Madison" "punishing" delinquent management practices. I agree with holding landowners accountable for not keeping their end of an agreement and a non-compliance assessment or ultimate withdrawal is not an unreasonable punishment. However under the past requirements for the wording of the required practices this punishment is excessive. Using the word "shall be completed in 1999" doesn't leave any room for interpretation. Conducting this practice in 1998 or 2000 is not in compliance and I feel I would be assessed a fine for "noncompliance assessment". For all the required management practices I am presently current, no delinquent practice but for almost every one that I have accomplished I have been late. Late due to actions or inaction's on my part or my foresters, no, late due to circumstances beyond my control yes.

The forester and I have done our homework and have the cuttings scheduled but when the work is put out for bid and we receive no bids for the year, we are delinquent. Please explain to me what we have done wrong and why you feel we need to be punished. There are many reasons for not receiving bids from loggers; some of the ones I can think of are market conditions and environment. If the local mills aren't buying the loggers aren't cutting. The area may have suffered a blow-down condition and the mills bought up the salvage and are currently overstocked. My stand is pole sized northern hardwoods and the thinning produces mainly hardwood pulp, which can be used, but only as a percentage of the total pulp and when the mill reaches their limit they stop buying. Also not all areas are blessed with local mills to buy the raw materials, the further from a mill the less desirable the stand is to the logger. Once you attract a logger the stand requires certain characteristics to keep their interest. The stand should be large enough to make it worth the loggers time, access and existing roads are a must, stand should be close to permanent roads and

the job should be big enough to justify the tear-down and set-up of their logging operation. Also remember that some northern forest are on soft ground so when you think of a year to complete a practice this year is broken down into January 1 until the ground is thawed and then again in early winter after the ground is frozen until December 31.

My forest when I bought was a pole timber stand of mainly northern hardwood and the practices conducted so far have been Timber Stand Improvement thinning to improve the health and vigor of the remaining stand. The thinning have produced some merchantable timber but the bulk has been hardwood pulp and hardwood pulp doesn't attract many loggers. I have requested to change my management plan to consolidate some stands to attract more loggers and I have also reduced some to spread out the harvest so I don't live a feast or famine existence. We have learned a lot about forestry since owning our property but it's just like trying to grow an old growth forest it takes time. When I discussed the changes with the DNR forester he even stated that when management plans were being written initially (mine included) they were writing plans for stands in size down to 2-3 acres. The forester said now they try and consolidate stands to make harvesting economically viable. As an example one of my stands is 14 acres of pole sized timber, which will produce mainly hardwood pulp. This stand is over $\frac{3}{4}$ of a mile from the road with the last $\frac{1}{4}$ mile needing clearing as a logging road. It took almost 5 years to attract a logger to 40 acres of mainly hardwood pulp with roadside access, how many years of noncompliance fines would you asses me for not attracting a logger to this stand. I think it would be a cruel joke to fine someone for trying to do the right thing when the practice wouldn't even clear the amount of the fine.

I feel this non-compliance assessment is needed to bring the few into compliance but I feel the wording of the mandatory practices as written in mine and most other plans would punish the masses. In my letter to the DNR forester I asked why the timeframe for conducting the practice is not a 3-5 year window. This would allow multiple years to solicit bids from loggers allow the landowner some flexibility on market conditions and possibly increase the amount of yield tax collected because we are not being forced to accept the first and maybe only bid to complete this task in the very limited timeframe. As written I have only 1 year to get the trees cut before I'm in non-compliance and would be subject to your fine. One of the advantages that has always been touted for owning woodlands over row cropped land is if the markets are poor for timber, pulp or woodland products then we can delay the harvest until markets are better. The MFL program is to promote sound forestry practices but with the wording of the mandatory practices, as an example, "The thinning of this stand shall be thinned in year 2004" doesn't leave any leeway. If not thinned in 2004 then a mandatory practice is delinquent. As part of sound forestry isn't the economic aspect taken into account, trying to sell when markets are poor to meet a specific year either means we are delinquent because we attract no loggers to bid or we are forced to take a contract to meet this deadline. This is foolish and I don't think the program was intended to place landowners in this situation. I haven't read any guidance that relieves the landowner of practicing sound economic practices other than if we are delinquent in carrying out mandatory practices we can be dropped from the program and pay additional taxes as penalties. Due to soft markets and a high percentage of hardwood pulp I haven't been able to attract more than 1 bidder on any of my previous cuttings under MFL and a couple have been years after the mandatory practice was scheduled. I would like to propose a 3-5 year window to carry out these practices to allow for soft markets, lack of logging interest. The county forester has always told me that as long as we are trying to meet the deadlines we won't be dropped from the program. This is reassuring but I don't get a warm fuzzy feeling with the wording of the MFL requirements if we happen to miss a deadline. Is there anything in writing that allows some leeway to the landowner to avoid being labeled delinquent in mandatory practices caused by conditions beyond the landowner control? Speaking from experience I have accepted the first bid every time and these bids were the only bids received, some after a couple years of trying to solicit bids. To avoid being penalized or withdrawn from the program I was also either on the phone or writing letters to the DNR explaining what we were doing to get the trees cut. Once again explain to me what I'm doing wrong that you feel I need to be fined for non-compliance

Also is this fine on a yearly basis so for each year it would be \$250 or is it a one-time fine. The fine should also be commensurate with the potential yield because a \$250 fine for 14 acres of hardwood pulp is excessive as compared to a 1000 acres of hardwood timber. I feel assessing an additional 5-10%

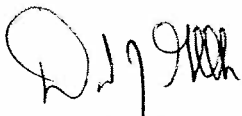
yield tax would be a fairer way and then the percentage penalty could be increased the longer the landowner fails to make progress toward accomplishing the required practice.

Creation of a Land grants program is a good idea however the money collected from the annual closed acreage should be returned to the municipality where the property is located. I as a tax payer at all levels (Federal, State, county and city) am tired of seeing my hard earned money being diverted to cities, counties and states other than my own. Opening this grant program to "cities" means money from Northern Wisconsin will be sent to Milwaukee to buy a vacant lot in the inner city, post a sign that says "Wildlife Habitat" and the residents will appreciate this habitat as well as they appreciated the former vacant lot. This money is generated by landowners closing part of their property. The state (taxpayers) reimburses the municipality for the lost tax revenue as a result of the MFL program and when a landowner closes part of their land, the landowner pays more into the program. By the landowner paying more this should reduce the amount the state taxpayers should have to reimburse the municipality. This program appears to be just another spending program and through creative accounting will sell it to taxpayers as a funded program without any added expenses to the taxpayers.

Most lands closed are for hunting or fishing. I have closed 80 acres to try and get some additional income through hunting leases, to date I've not been successful. Taking 80 acres of land out of the open lands within Rusk County and creating a land grant program for Milwaukee and Madison to buy lands doesn't appear to be an apples and oranges discussion. How does buying land in Milwaukee and Madison ease the loss of open hunting areas of Rusk County. This program sounds like another giveaway program for Milwaukee and Madison at the expense of the rest of the state. This program removes property from the local tax rolls in exchange for managing the property within certain sustainable guidelines. The local government gets some compensation in exchange for removing the land under this program but I do not see any logical reason why the local government does not get all the money as a result a landowner closing part of his acreage. The only fair way is for the formula to take in account the percentage of open land to closed lands within the city, municipality or county. This would remove Milwaukee County and the city of Madison because they wouldn't show any loss of open lands because they only have closed lands. Under a system like this then by me closing 80 acres Rusk county would show a loss of 80 acres from the county totals and would be eligible for this grant program to replace what was lost. And what was lost was 80 acres of hunting land so to replace this loss 80 acres would have to be opened to hunters. Buying property for a bird sanctuary, butterfly garden, hiking trail etc does not replace 80 acres of hunting lands unless the bird sanctuaries, butterfly garden, hiking trail are opened to hunters.

I closed my lands for the sole purpose of hunting season. The lands are not closed to any of the other activities but the state has imposed this all or nothing proposal and if my lands are closed for the hunting season, lets say for a 3 month period why am I being forced to pay the yearlong penalty. My property is open to the bird watchers, hikers, fisherman for any period other than hunting season and if I don't lease the property it is open during that period also.

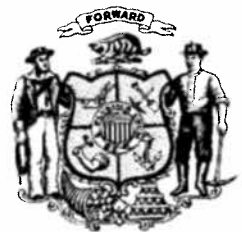
I hope you spend some time with this change and try to understand the forestry and logging industry before you vote because this proposal appears to be a "knee-jerk" reaction to a problem and in this case the cure is worse than the disease.



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WISCONSIN STATE LEGISLATURE



Comments on AB323 by James Heerey
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Assumptions underlying my recommendations:

- 1) Forest Products is arguably Wisconsin's largest industry with statewide economic impact.
- 2) Anything which reduces or fails to encourage the productivity of Wisconsin's forests is a drag on Wisconsin's economy.
- 2) Over 50% of Wisconsin's forestlands are privately owned.
- 3) The great majority of private forestlands are not managed under a scientifically based management plan which assures their productivity and sustainability.
- 4) Enrollment of forestlands in MFL is the single best means of assuring their productive and sustainable management.
- 5) Parcelization of forestlands makes DNR administration of MFL enrollments more burdensome, reduces likelihood of good management and reduces Open acreage.
- 6) Restricting the frequency of changing the Open/Closed status during an enrollment reduces Open acres.
- 7) Wisconsin's Legislature is bent on further taxing forestland owners.

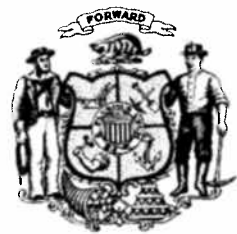
Recommendations to mitigate the damage to Wisconsin forestry:

Section 21 would lengthen processing time for an MFL application. This will repel potential enrollees and harm the MFL Program and the forest products industry. *Delete this change.*

Section 26 would change the current administrative restriction on changing the Open/Closed status to a statutory restriction. Restriction to only one change in Open/Closed status during an enrollment (25 or 50 years) motivates landowners to close as many acres as they imagine they may ever wish to use exclusively. This reduces Open acres. With more frequent changes a landowner will only Close acres to meet current needs. *In lieu of the proposed language, 77.83 (1m) should establish the statutory right to change Open/Closed status at a reasonable frequency (i.e. three years intervals) for a reasonable administrative fee.*

Section 30 seems to try to discourage parcelization of properties and to increase Open acres by both increasing permitted Closed acreage per ownership and by substantially increasing the Closed acreage fee. This breaches the good faith agreement to allow closure of small acreages for a small additional fee. Also, it deals neither with a root cause of parcelization nor with the escalating cost to DNR Forestry to administer ever smaller parcels. *I propose instead that sliding fee scales be used to discourage Parcelization and to promote Open acres. For example, using the current tax rate for MFL acres (\$.74), enrollments of less than 40 acres (quarter quarter section or government lot) would pay an annual tax at triple the base rate (\$2.22). Enrollments of less than 80 acres would pay an annual tax at double the base rate (\$1.48). Enrollments of, or in excess of, 80 acres would pay the base rate. Enrollments of less than 20 acres would no longer be accepted. The additional fee for Closed acres would be stepped up also but in one dollar increments from \$1.00 per acre for 40 acres or less, to \$2.00 for 80 acres or less, and would continue upward without limit.*

Section 36 establishes a Noncompliance Assessment. This proposed change is punitive, seemingly arbitrary, will exacerbate many landowner's fear of "getting involved with the government" and will repel them from the MFL Program. It does not deal with the root cause of the problem which is an inadequate staff of DNR foresters. The existing statute provides DNR foresters the ability to force withdrawal from MFL for noncompliance. *Delete this provision.*



Subject: Managed Forest Law Bill
Assembly Bill 323

Attention: Representative Friske---Sponsor; Co-sponsors; Senator Welch and Senator Breske

As I understand your purpose for excessive taxation, the additional funds raised by this assessment will be used by the DNR to create a grant program for land acquisition for nature based outdoor recreation....significantly increase payments to towns and counties of various fee.

No. 1 I object to the substantial rate increases that you are proposing.
When the state purchases land with these increased fees, land is being taken out of the tax base and the remaining land owners will pick up the increasing taxes.

With more land to administer, more people will have to be hired to administer the increased work-load.

MFL tax will go up 63% on open land and 340% on closed land.

As indicated above, your proposal will hit the land owners with a three-fold tax increase.

You are drastically increasing the closed land rate and should not be allowed to manipulate the MFL with this unrealistic condemnation of the landowners who prefer to close their land.

The MFL laws allow for adjustments every 5 years.....not a major reformulation of the law. My taxes on 80 ac will go from \$139 to \$469

The MFL is not that great a deal. You pay now on regular taxes or pay later on the 5% yield tax. If you are practicing good forestry, the value of your remaining stand, on a selective cut, increases in value after every harvest. The least desirable trees are taken out, and the more valuable crop trees remain.

These crop trees increase in value not only from size but an increase in grade and value. Each successive harvest in a 25 year or longer period will have a higher value per volume cut.
i.e.

So 5% of a \$10,000 cut is \$500.1st cut
5% of a \$25,000 cut is \$1250.....2nd cut

Here is something to consider, if you insist on changing things.

1. Tax forested land as per use, like agricultural land:
 - a. Farmers take a crop off the land each year and realize a profit each year. Their land, by state trespass laws, is automatically closed to the public.
 - b. Woodland owners take a crop off their land every 10-25 years and have to pay a substantial penalty to close their land: A \$300 fee to get into the program; \$250 for mandatory practices not completed; and at the end a 5% tax on their harvested product.

Subject: Managed Forest Law Bill
Assembly Bill 323

With the fees (taxes) in place for 2002 this is what it costs for a 40 ac parcel that I own in the town of Almon:

40 AC---Old Fees

<u>Year</u>	<u>Taxes/ MFL Closed</u>	<u>Taxes/ Farmland</u>	<u>Taxes/ Woods</u>
2002	\$69.60	\$178.74	\$748.25

If the new fees (2008) were in place for 2002, this is what it would cost:

40 AC---New Fees

<u>Year</u>	<u>Taxes/ MFL Closed</u>	<u>Taxes/ Farmland</u>	<u>Taxes/Woods</u>
2002	\$234.40	\$178.74	\$748.25

So you can see the 40 AC farmland tract would be the most desirable with no up front, during, after, fees and penalties attached.

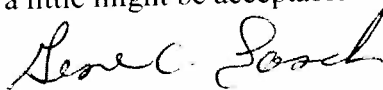
I have several other items to comment on:

1. The MFL plan to be written by a certified plan writer or DNR.
 - a. How do you become certified
 1. professional forester with a degree and guidelines...is this adequate?
2. \$250 fine for each mandatory practice not completed.

It is difficult to find a logger to harvest a mediocre stand. What then?? Still fined. Some loggers should not be in the woods, so a land owner needs to be selective.

If you are going to make unrealistic increases like this, the landowner should be allowed to pull out of the program without any penalties assessed.

Do in moderation-----as in drinking, a little might be acceptable but a lot, unacceptable. The same applies to raising taxes.

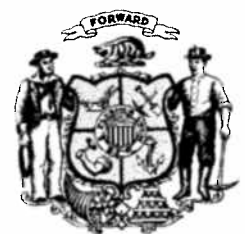


Gene C. Lasch
Forester; Silviculturist; Landowner;
Life-time member Wis. Woodland Owners
{WWOA}

N4815 St. Hwy. 22
Shawano, WI 54166



WISCONSIN STATE LEGISLATURE



**Comments
Of
Stora Enso North America**

**Regarding
Assembly Bill 323**

**Relating to Proposed Modifications in Wisconsin's
Managed Forest Law**

My name is Tim Tollefson. I am the Strategic Planning Manager for the Forest Resources Unit of Stora Enso North America. We are a division of Stora Enso, a global forest products company producing paper for magazines, catalogs, annual reports and a variety of other printed materials. We also produce packaging board for consumer products and building materials for the home. We have papermaking operations in Wisconsin Rapids, Stevens Point, Whiting, Kimberly, Niagara and Biron, Wisconsin; Duluth, Minnesota and Port Hawkesbury, Nova Scotia, Canada.

The Forest Resources Unit is responsible for procuring about 1.3 million cords of wood annually to support our papermaking operations in Wisconsin and Minnesota. We are the largest buyer of wood in the Lakes States. The vast majority of our wood comes from private forest lands such as those enrolled in the Managed Forest Land program.

My purpose today is not to comment on the specifics contained in AB 323 other than to say we generally have no objections to the proposed modifications. My purpose is to express our support for the MFL program as a whole and to listen to the comments of others regarding AB 323.

The protection and management of Wisconsin's forests are of vital concern to the people and forest industry of this state. Stora Enso North America strongly supports the MFL program as an effective way to promote good stewardship on private forest land. Specifically:

- The program encourages private forest owners to manage their forests using sound, sustainable practices by deferring tax responsibilities until the resource is capable of yielding income.

- The program is primarily focused on timber production. This ensures a continuing supply of available fiber now and into the future to support an important part of our local and state economies.
- The program provides multiple benefits for society in the form of recreation and hunting opportunities, water quality protection and wildlife management.

Finally we appreciate this committee's commitment to Wisconsin's forest resources and its interest in improving the Managed Forest Law to meet the changing needs of landowners, industry and society at large.

Thank you. I would be happy to answer any questions from the committee.

For further information contact our Communications department:

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