

**2005 DRAFTING REQUEST**

**Bill**

Received: 10/04/2004

Received By: rchampag

Wanted: Soon

Identical to LRB:

For: Administration-Budget

By/Representing: Statz

This file may be shown to any legislator: NO

Drafter: rchampag

May Contact:

Addl. Drafters:

Subject: State Finance - public lands

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

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**Pre Topic:**

DOA:.....Statz, BB0140 -

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**Topic:**

BCPL timberland investment authority

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**Instructions:**

See Attached.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/7	rchampag 01/26/2005	jdyer 01/26/2005	rschluet 01/26/2005	_____	lemery 01/26/2005		State
/8	rchampag 01/26/2005	jdyer 01/26/2005	rschluet 01/26/2005	_____	lemery 01/26/2005		State
/9	rchampag 01/28/2005	jdyer 01/28/2005	pgreensl 01/28/2005	_____	lemery 01/28/2005		

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 ps 1/28

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*Handwritten signature: JF*

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*3/14 jcd*

*ch 1-14 RS*

***LRB-0391***

12/03/2004 08:36:33 AM

Page 2

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

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**Instructions:**

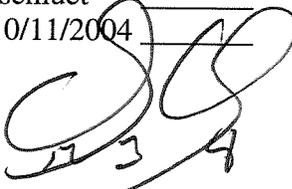
See Attached.

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FE Sent For:

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END 4

## 2003-05 Budget Bill Statutory Language Drafting Request

- Topic: Timberland investment authority
- Tracking Code: (Assigned by Government Operations Team)
- SBO team: ECR
- SBO analyst: Andrew J. Statz
  - Phone: 266-7329
  - Email: andrew.statz@doa.state.wi.us
- Agency acronym: BCPL
- Agency number: 507

BB0140



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JIM DOYLE**  
GOVERNOR

**MARC J. MAROTTA**  
SECRETARY

Division of Executive Budget and Finance

Post Office Box 7864

Madison, WI 53707-7864

Voice (608) 266-1736

Fax (608) 267-0372

TTY (608) 267-9629

---

**Date:** September 30, 2004

**To:** Steve Miller, Chief  
Legislative Reference Bureau

**From:** Andrew J. Statz, Analyst *AS*  
State Budget Office

**Subject:** Budget draft request relating to the purchase of land by the Board of  
Commissioners of Public Lands

I am requesting statutory language be drafted for inclusion with the 2005-07 biennial budget bill. The draft will authorize the Board of Commissioners of Public Lands to make land purchases in this state. Under current law, the board may only sell or trade trust land under its control and may not acquire additional acreage.

Attached is a copy of pertinent parts of the agency's request including a description of its intent and proposed statutory language changes.

## Timberland Investments in Northern Wisconsin

The landscape of northern Wisconsin is changing. In the past seven years, large corporate owners of productive timberland have sold approximately 1.1 million acres of industrial timberland in Wisconsin. Most, if not all of this land, had been enrolled in the Managed Forest Program and was, therefore, publicly accessible. The Wisconsin Department of Natural Resources purchased 32,000 acres through the Stewardship Program and other timber producers bought other tracts that will remain open to the public. Some of the land was sold to corporate or private buyers who intend to develop their holdings, fragmenting larger blocs of land, reducing timber production and eliminating or limiting access. However, over 30,000 acres of corporate timberland have been parceled off to non-timber producers. These sales mirror a national trend of corporate timberland disposition where approximately 6,000,000 acres of timberland have been put up for sale.

The Board of Commissioners of Public Lands (BCPL) is a public, program revenue agency that manages 78,000 acres of State Trust Lands and four Trust Funds worth over \$607 million. BCPL has managed the state's trust lands since statehood and generates revenue for its trust funds through carefully managed timber sales. BCPL believes acquisition of additional timberland offers the BCPL an attractive dual investment opportunity to diversify its asset portfolio with appreciating real estate that grows valuable timber. Unfortunately, BCPL is currently authorized only to sell or trade trust land but not to acquire additional acreage.

Selective land purchases would give the BCPL the opportunity to reduce its per acre management costs by consolidating its land holdings and assuring long-term access. The BCPL has reviewed its land holdings and identified 11,000 acres of neighboring lands that it would be interested in acquiring through sales and exchanges. Land purchases would also give the BCPL the enhanced flexibility to make mutually beneficial land exchanges with other public agencies, conservancy organizations and private individuals and to sell less productive or scattered land parcels without unduly reducing the asset value of the Trust Lands.

The Board approved a plan last year to consolidate its land holdings. The goal is to exchange approximately 10,000 acres of scattered parcels in 32 counties in southern and western Wisconsin for timber land in 9 or 10 northern counties that currently contain 85% of BCPL's Trust Lands. One recent trade resulted in the exchange of all Trust Land parcels in nine counties for productive timber land in northern Wisconsin. Land exchanges are a useful tool but are often time consuming and difficult. Having the authority to purchase land directly would greatly expedite the process of consolidating state Trust Lands.

Timberland acquisition by BCPL would provide not only a significant economic benefit of to the Trust Funds, it would offer an important array of social, environmental and economic public benefits:

- Land would remain open to the public for hunting, fishing, hiking, etc.
- Trail systems that are vital to Wisconsin's tourism industry would remain open
- Larger blocs of critical wildlife habitat would be protected.
- Timber production would be maintained.

BCPL has the fiduciary responsibility to generate stable, assured income for its trust fund beneficiaries, the state's General Fund, Wisconsin's public school libraries and the University of Wisconsin. Current authorized investments include: (a) loans to local governments and school districts that generate a rate of current return of approximately 5.1%; and (b) excess cash invested in the State Investment Pool; the current rate of return is 1.07%. We believe that conservative investments in additional land would generate comparable or higher revenue. Land values are appreciating rapidly in northern Wisconsin and timber prices, especially for hardwoods, have been rising at a rate exceeding inflation from 1979-2003. If large blocks of corporate timberland continue to be put on the market at reasonable prices, BCPL would be able to make sound selective investments that will benefit the trust and its beneficiaries.

**Board of Commissioners of Public Lands Drafting Request  
to the Legislative Reference Bureau**

■ Draft for 2005-07 Budget Bill Introductions

Subject: DIN 4001 - Timberland Investment Authority

Request Date: September 7, 2004

Reviewed by:

Contact Name: Renee Booker 267-2233

Brief Description of Intent:

This provision would allow the board to make selective land purchases allowing for more efficient consolidation of its lands as well as increased timber revenues. Improved management for timber and better access would be additional benefits.

Related Statute Citations

24.61 (2)

**Timberland Investment Authority**

## Proposed Statutory Language

24.61 **(2)** (a) 10 of the statutes is created to read:

Land in this state.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-0391/1

RAC:.....

jld

JEON

DOA:.....Statz, BB0140 - BCPL timberland investment authority

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

do not gen ✓  
1 AN ACT ...; relating to: the budget.

the Board of Commissioners of Public Lands

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT ✓

STATE FINANCE ✓

Under current law, (BCPL) may invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in certain specified investments. These include bonds or notes of the United States; bonds issued by this state or the UW Hospitals and Clinics Authority; and bonds issued by a town, village, city, county, or school district or certain other special districts in the state. This bill authorizes BCPL to invest these moneys in the purchase of land in this state.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2 SECTION 1. 24.61 (2) (a) 10. of the statutes is created to read: ✓

3 24.61 (2) (a) 10. Land in this state. ✓

4 (END)

## Champagne, Rick

---

**From:** Statz, Andrew  
**Sent:** Thursday, December 02, 2004 10:02 AM  
**To:** Champagne, Rick  
**Subject:** FW: LRB Draft: 05-0391/1 BCPL timberland investment authority



05-0391/1

To reflect recent decisions, I am requesting this draft to include provisions outlined for the governor's 03-05 budget recommendations. Specifically, (1) land may be acquired only upon request of the governor and (2) the purchase would reduce BCPL's per acre management costs.

The most recent versions of the 03-05 draft I have are 0714/3 and 3dn.

Thank you.

-----Original Message-----

**From:** Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]  
**Sent:** Monday, October 11, 2004 10:33 AM  
**To:** Statz, Andrew  
**Cc:** Grinde, Kirsten; Hanaman, Cathlene; Haugen, Caroline; Schaeffer, Carole  
**Subject:** LRB Draft: 05-0391/1 BCPL timberland investment authority

Following is the PDF version of draft 05-0391/1.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-0391/1  
RAC:jld:rs 2

Scan

RMR

DOA:.....Statz, BB0140 BCPL timberland investment authority

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Don't gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

STATE GOVERNMENT

STATE FINANCE

Under current law, the Board of Commissioners of Public Lands (BCPL) may invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in certain specified investments. These include bonds or notes of the United States; bonds issued by this state or the UW Hospitals and Clinics Authority; and bonds issued by a town, village, city, county, or school district or certain other special districts in the state. This bill authorizes BCPL to invest these moneys in the purchase of land in this state.

Insert  
Analysis ✓

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2 SECTION 1. 24.61 (2) (a) 10. of the statutes is created to read:

3 24.61 (2) (a) 10. Land in this state.

4 (END) ✓

Insert 1-4



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-0714/3

RAC:jld:rs

DOA:.....Wagner - BB0218, Board of Commissioners of Public Lands  
investment authority

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ... relating to: investment authority of the Board of Commissioners of  
2 Public Lands.

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**STATE FINANCE**

Under current law, the Board of Commissioners of Public Lands (BCPL) is authorized to invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in certain specified investments. These include bonds or notes of the United States; bonds issued by this state or the University of Wisconsin Hospitals and Clinics Authority; and bonds issued by a town, village, city, county, or school district or certain other special districts in the state. If requested by BCPL, the State Investment Board is required to provide BCPL with advice and assistance in investing these moneys.

This bill authorizes BCPL to invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in the purchase of land in this state. A condition on the purchase of this land, however, is that the governor must request that BCPL purchase the land and that BCPL determine that the purchase of the land will reduce the per acre costs incurred by BCPL in managing the public lands and all other lands managed by BCPL.

INSERT  
Analysis →

(end insert analysis)

INS 1-4

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1-4

1 SECTION 1. 24.61 (2) (a) 10. of the statutes is created to read:

2 24.61 (2) (a) 10. Land in this state, but subject to the condition established  
3 under par. (c).

4 SECTION 2. 24.61 (2) (d) of the statutes is created to read:

5 24.61 (2) (d) *Investments in land in this state.* The board may not invest moneys  
6 in the purchase of any land under par. (a) 10. unless the governor requests that the  
7 board purchase the land and that the board determines that the purchase of the land  
8 will reduce the per acre costs incurred by the board in managing the public lands and  
9 all other lands managed by the board.

(END) (end of Ins 1-4)

10

## Champagne, Rick

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**From:** Statz, Andrew  
**Sent:** Wednesday, January 12, 2005 3:12 PM  
**To:** Champagne, Rick  
**Cc:** Henderson, Patrick - Office of Governor Jim Doyle; Grinde, Kirsten  
**Subject:** FW: LRB Draft: 05-0391/2 BCPL timberland investment authority



05-0391/2

Revisions to this draft will authorize the board to sell its isolated holdings and deposit the proceeds from such sales into a "land bank" for the purpose of acquiring forested land. Please modify the draft to reflect the following changes:

1. Authorize BCPL to buy land. Authorization to purchase land should remain as an enumerated investment vehicle under s. 24.61(2)(a) as outlined by the current version.
2. Authorize BCPL to deposit the proceeds of land sales into a new dedicated account within its trust funds for the purpose of acquiring land.
3. Newly acquired land must be within the consolidation area defined by the board.
4. The board must determine that acquiring the land will improve timberland management, address forest fragmentation and increase access.
5. The net result must be fewer total acres under BCPL control.
6. The board will be required to pay aids in lieu of property taxes for newly acquired land in certain instances. If the acquired land was previously subject to local property taxes, BCPL is obligated to continue making payments at the same level. (Further revision to the draft relating to payment calculations and adjustments may be necessary.) A new PR-S sum sufficient appropriation using trust fund money for this purpose is required.
7. Section 2 of the current version relating to the Governor's role should be deleted.

Please call with questions. Thank you.

Andrew J. Statz  
State Budget Office  
608-266-7329

-----Original Message-----

**From:** Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]  
**Sent:** Friday, December 03, 2004 8:29 AM  
**To:** Statz, Andrew  
**Cc:** Grinde, Kirsten; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica  
**Subject:** LRB Draft: 05-0391/2 BCPL timberland investment authority

Following is the PDF version of draft 05-0391/2.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-0391/2 3

RAC:jld:rs

SOON TODAY

RMR

DOA:.....Statz, BB0140 - BCPL timberland investment authority

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Don't gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

STATE GOVERNMENT

STATE FINANCE

Under current law, the Board of Commissioners of Public Lands (BCPL) may invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in certain specified investments. These include bonds or notes of the United States; bonds issued by this state or the UW Hospitals and Clinics Authority; and bonds issued by a town, village, city, county, or school district or certain other special districts in the state.

✓  
Insert  
Analysis

This bill authorizes BCPL to invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in the purchase of land in this state. A condition on the purchase of this land, however, is that the governor must request that BCPL purchase the land and that BCPL determine that the purchase of the land will reduce the per acre costs incurred by BCPL in managing the public lands and all other lands managed by BCPL.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

Insert  
2-1 ✓

1

SECTION 1. 24.61 (2) (a) 10. of the statutes is created to read:

2 24.61 (2) (a) 10. Land in this state, but subject to the condition established  
3 under par. (c).

4

SECTION 2. 24.61 (2) (d) of the statutes is created to read:

5

24.61 (2) (d) ~~Investments in land in this state.~~ The board may not invest moneys

6

in the purchase of any land under par. (a) 10. unless the governor requests that the

7

board purchase the land and that the board determines that the purchase of the land

8

will reduce the per acre costs incurred by the board in managing the public lands and

9

all other lands managed by the board.

10

(END)

Insert  
2-10

1           **Insert Analysis:**

This bill authorizes BCPL to invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in the purchase of land in this state, but establishes certain conditions on the purchase of this land. First, the land must be within any applicable consolidation area approved by BCPL; second, the total acreage of public lands managed by BCPL must not exceed the total acreage of public lands managed by BCPL on the bill's effective date; and, finally, BCPL must determine that the purchase of the land will improve timberland management, address forest fragmentation, and increase public access to the land. The bill also provides that, if the land at the time of purchase was subject to assessment or levy of a real property tax, BCPL must make annual payments in lieu of property taxes to the appropriate local governmental unit in an amount equal to that assessed or levied on the land in the year before the sale of land to the state. \*

2           **Insert 2-1:**

3           **SECTION 1.** 20.507 (1) (kd) of the statutes is created to read:

4           20.507 (1) (kd) *Payments in lieu of property taxes.* All moneys transferred from  
5 the appropriate trust funds, as defined in s. 24.60 (5), to make the payments required  
6 under s. 24.62 (3).

7           → **NOTE: BUD.**  
8           **SECTION 2.** 24.11 (1) (c) of the statutes is created to read:

9           24.11 (1) (c) Unless otherwise required by law to be deposited into a fund other  
10 than any of the trust funds, as defined in s. 24.60 (5), all moneys received from the  
11 sale of public lands that occurs on or after the effective date of this paragraph ....  
12 [revisor inserts date], shall be credited to the account established under s. 24.605 in  
13 the appropriate trust fund.

14           **SECTION 3.** 24.20 of the statutes is amended to read:

15           **24.20 Payments and accounts.** All money paid on account of sales of public  
16 lands shall be paid to the secretary of administration who shall then credit the  
17 account established under s. 24.605 in the proper fund therewith, crediting the  
general fund with the proceeds of sales of Marathon County lands, and the secretary



1 of administration or the secretary's designee, upon countersigning the receipt given  
2 therefor, shall enter the name of the person paying the same, the number of the  
3 certificate, if any, upon which the amount shall be paid, and the time of the payment.

4 History: 1991 a. 316; 2003 a. 33.

5 **SECTION 4.** 24.605<sup>✓</sup> of the statutes is created to read:

6 **24.605 Accounts in trust funds for deposit of proceeds from sale of**  
7 **lands.** The board<sup>✓</sup> shall establish in each of the trust funds an account to which are  
8 credited the proceeds from the sale of any public lands that are required by law to  
9 be deposited in the trust funds. Moneys credited to any such account may only be  
10 used to invest in land under s. 24.61 (2) (a) 10.<sup>✓</sup> and for the payment of expenses  
11 necessarily related to investing in land under s. 24.61 (2) (a) 10., including payments  
12 under s. 24.62 (3).<sup>✓</sup>

13 **Insert 2-10:**

14 **SECTION 5.** 24.61 (2) (c)<sup>✓</sup> of the statutes is created to read:

15 24.61 (2) (c) *Investments in land in this state.*<sup>✓</sup> The board<sup>✓</sup> may not invest moneys  
16 in the purchase of any land under<sup>✓</sup> par. (a) 10. unless all of the following occur:

- 17 1. The land is within any applicable consolidation area approved by the board.
- 18 2. The total acreage of public lands managed by the board does not exceed the  
19 total acreage of public lands managed by the board on the effective date of this  
20 subdivision<sup>✓</sup>.... [revisor inserts date].

- 21 3. The board determines that the purchase of the land will improve timberland  
22 management, address forest fragmentation, and increase public access to the land.<sup>✓</sup>

23 **SECTION 6.** 24.62 (3)<sup>✓</sup> of the statutes is created to read:

24 24.62 (3) If any land purchased under s. 24.61 (2) (a) 10.<sup>✓</sup> was at the time of  
purchase subject to assessment or levy of a real property tax, the board shall make



1 annual payments in lieu of property taxes to the appropriate local governmental unit  
2 in an amount equal to that assessed or levied on the land in the year before the sale  
3 of land to the state. The payments shall be made from the appropriation under s.  
4 20.507 (1) (kd). ✓