



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #442

### Urban Forestry Grants (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 425, #2]

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#### CURRENT LAW

The urban forestry grant program provides matching grants to local governments for forestry-related projects, including tree inventories and management plans, disease evaluations, public education and storm damage response. The Department of Natural Resources (DNR) may award up to \$524,600 for urban forestry grants in each year of the 2019-21 biennium. Under administrative code Chapter NR 47, grants for urban forest management must be at least \$1,000 and not more than \$25,000. Additionally, DNR may award up to 20% of the amount appropriated for urban forestry grants for removing, repairing, and replacing trees that have been damaged by heavy winds, tornadoes, ice, hail, or snow. Communities are eligible in areas where the Governor has declared a state of emergency. Grant awards for storm damage may be as little as \$4,000 and as large as \$50,000.

#### DISCUSSION POINTS

##### Urban Forestry Grants

1. The urban forestry grant program was created in 1991 Wisconsin Act 39 to provide matching grants to local governments for forestry-related projects, including tree inventories and management plans, disease evaluations, public education and storm damage response. 2009 Wisconsin Act 28 created a biennial appropriation for the grants and set funding for them at \$524,600 each year.

2. The program provides grants for a variety of purposes including tree management plans, tree inventories, brush residue projects, development of tree management ordinances, tree disease evaluation, and public education relating to trees in urban areas. Additionally, the program provides

small grants (not exceeding \$5,000) for projects to start a community tree care program.

3. Despite the name, urban forestry grants are not limited to providing funding to metropolitan cities. Administrative code s. NR 47.52(8) defines urban forestry as tree management, operations and education within cities, villages and other concentrated development. Wisconsin towns, villages, cities, tribes, counties and nonprofit conservation organizations (NCOs) are eligible grant applicants.

4. The grant program operates on an annual funding cycle with applications accepted between July 1 and October 1. In mid-November, award notifications are made to grant recipients. DNR notes that it reserves 20% of the amount appropriated for the grants for catastrophic storm damage grants. In each year of the 2019-21 biennium, DNR reserved approximately \$104,900 of the \$524,600 authorization for catastrophic storm grants. If these funds are not needed through mid-March, DNR releases them to fund a second round of urban forestry grants.

5. Table 1 shows the amount requested and awarded for these grants since fiscal year 2015-16. It should be noted that the amount awarded in 2019-20 was supplemented by a transfer from the forestry emergency reserve to fund a high volume of requests related to storm damage in summer 2019.

#### Urban Forestry Grant Program Awards

<u>Fiscal Year</u>	<u>Amount Requested</u>	<u>Amount Awarded</u>	<u>Percent Awarded</u>
2015-16	\$1,246,376	\$547,728	44%
2016-17	938,857	578,063	62
2017-18	731,272	560,303	77
2018-19	677,293	532,805	79
2019-20*	1,327,173	1,013,655	76
2020-21**	879,385	699,180	80

\* Includes one-time funding from the forestry emergency reserve to fund a high volume of catastrophic storm grants.

\*\* Preliminary

6. Assembly Bill 68/Senate Bill 111 would increase the amount available for urban forestry grants by \$345,000 SEG each year, from \$524,600 to \$869,600. DNR notes that the Department has been unable to award \$345,000, on average, each year. While the table shows awards under the program, the bill proposal is based on actual disbursements. Disbursements may deviate from awards based on actual project costs. Since DNR is unable to fund all eligible expenses each year, the Committee could increase funding for urban forestry grants by \$345,000 SEG annually [Alternative A1].

7. As noted in the table, DNR was provided funding under a one-time transfer from the forestry emergency reserve to fund catastrophic storm damage grants in 2019-20. Without the \$489,100 transfer, DNR would have been able to fund \$524,600 in requests, including \$104,900 in storm damage grants. Excluding the one-time transfer, DNR has been unable to fund approximately

\$393,000 in urban forestry grant requests, on average, each year. The Committee could consider providing \$393,000 SEG each year for urban forestry grants, increasing the amount available from \$524,600 to \$917,600 [Alternative A2].

8. Alternatively, the Committee could provide a different amount for these grants. Increasing the amount available by \$200,400 SEG, from \$524,600 to \$725,000 [Alternative A3] would enable DNR to fund approximately 75% of requests, on average, each year. The Committee could take no action [Alternative A4]. DNR continue to be able to award \$524,600 each year.

### **Tree Planting**

9. In addition to increasing urban funding for forestry grants, AB 68/SB 111 would create a new category of aids under the urban forestry grant appropriation. The bill would provide \$150,000 in 2021-22 and \$500,000 beginning in 2022-23 to address emerging threats to urban forests. Additionally, the bill would authorize DNR to use emergency rules, without a finding of emergency, to create new categories and priorities of urban forestry grants that would fund tree planting and increase the minimum grant amount that may be awarded.

10. As the state's weather patterns continue to change, a community's tree canopy can present risks and opportunities. Invasive species pose a threat to certain native trees. The emerald ash borer, for instance, has decimated ash forests across much of the eastern U.S. Since they were first discovered in Wisconsin (Ozaukee County) in 2008, the beetle has expanded through much of southern Wisconsin. Communities can take steps to protect their ash trees, including treating susceptible ash trees with insecticides that can kill the emerald ash borer's larvae. Communities can also plant certain species of ash and other trees that are less hospitable to the emerald ash borer.

11. As summers get warmer, a community's tree canopy can offer respite from the heat. Trees can absorb and sequester carbon dioxide, reducing the ambient atmospheric amount that can contribute to the greenhouse effect. Furthermore, according to the U.S. Environmental Protection Agency, shaded surfaces may be as much as 45° cooler than surrounding unshaded areas during peak temperatures. Planting shade trees can improve air quality, reduce energy costs in adjacent buildings, and provide comfort on hot days. However, urban forests can require considerable maintenance costs, such as pruning and sidewalk regrading.

12. DNR reports that the new category of aids would provide local units of government and nonprofit conservation organizations (NCOs) up to 50% of the costs of tree planting and maintenance, with a maximum grant award of \$25,000. DNR notes that the Department would likely need to develop administrative rules that outline eligible expenses, applications and other administrative details for these grants.

13. The bill would provide \$150,000 in 2021-22 and \$500,000 in 2022-23. This would set base funding at \$500,000 each year. DNR would need to write administrative rules, and the Department would be unlikely to provide \$500,000 in the first year from the biennial grant appropriation. Given the benefits of tree planting, as well as the costs to local governments of urban forest management, the Committee could consider providing \$150,000 in 2021-22 and \$500,000 2022-23 and authorizing DNR use emergency rulemaking authority to create a category of grants for

tree planting [Alternative B1].

14. DNR estimates that the \$650,000 would fund between 26 and 130 additional grants each year. However, demand for these grants is uncertain. The Committee could consider providing \$650,000 in one-time funding in 2021-22 and authorizing emergency rulemaking for DNR to create a category of grants for tree planting [Alternative B2].

15. Since the urban forestry grant is a biennial appropriation, the one-time funding would remain available until expended or June 30, 2023. One-time funding would enable DNR to identify the level of demand for these grants. The Legislature could then appropriate a more precise amount in the 2023-25 biennium. Alternatively, the Committee could take no action [Alternative B3].

### **Forestry Operations**

16. DNR indicates that additional staffing would be required to develop and implement these new aids. AB 68/SB 111 would increase forestry operations funding by \$150,000 annually, including \$50,000 for limited-term employee (LTE) salaries and \$100,000 for supplies and services. DNR reports that the Department would hire one LTE to review grant priorities and procedures. DNR states that this cannot be done with existing staffing levels. The Committee could consider providing an additional \$50,000 SEG annually for forestry LTE salaries [Alternative C1].

17. Alternatively, since the LTE funding would support the development and implementation of the new urban forestry grant category, the Committee could consider providing \$50,000 annually as one-time funding [Alternative C2]. This would allow DNR to hire a LTE to develop rules and priorities for the new tree planting grant program, while minimizing strain on Department personnel.

18. Additionally, AB 68/SB 111 would increase the DNR forestry operations appropriation by \$100,000 SEG annually. DNR indicates that this would be used to plant trees on private land in urban areas. Projects would aim to reforest vacant properties, former agricultural lands, and brownfields.

19. On April 22, 2021, the Governor issued Executive Order 112, which directed DNR to coordinate with public and private entities to conserve 125,000 acres of forestland and to plant 75 million trees by 2031. As noted above, tree planting can help to offset carbon emissions and can cool surrounding environments. The Committee could consider providing \$100,000 SEG annually for tree planting on private lands [Alternative C3].

20. Under current law, DNR is budgeted \$100,500 SEG annually for reforestation on public land. DNR may use this appropriation to grow saplings in state nurseries and plant them on Department land. Additionally, members of the public may purchase saplings from DNR nurseries. It could be argued that DNR has sufficient funding for reforestation efforts. Therefore, the Committee could take no action [Alternative C4].

## ALTERNATIVES

### A. Urban Forestry Grants

1. Provide \$345,000 forestry account SEG each year for urban forestry grants. DNR would be authorized to award up to \$869,600.

ALT A1	Change to Base
SEG	\$690,000

2. Provide \$393,000 forestry account SEG each year for urban forestry grants. DNR would be authorized to award up to \$917,600.

ALT A2	Change to Base
SEG	\$786,000

3. Provide \$200,400 forestry account SEG each year for urban forestry grants. DNR would be authorized to award up to \$725,000.

ALT A3	Change to Base
SEG	\$400,800

4. Take no action.

### B. Tree Planting Grants

1. Provide \$150,000 in 2021-22 and \$500,000 in 2022-23 and authorize DNR to promulgate emergency rules to create a category of grants for tree planting.

ALT B1	Change to Base
SEG	\$650,000

2. Provide \$650,000 as one-time funding in 2021-22 and authorize DNR to promulgate emergency rules to create a category of grants for tree planting.

ALT B2	Change to Base
SEG	\$650,000

3. Take no action.

**C. Forestry Operations**

1. Provide \$50,000 forestry account SEG annually for LTE staffing.

<b>ALT C1</b>	<b>Change to Base</b>
SEG	\$100,000

2. Provide \$50,000 forestry account SEG annually as one-time funding for LTE staffing.

<b>ALT C2</b>	<b>Change to Base</b>
SEG	\$100,000

3. In addition to either C1 or C2, provide \$100,000 forestry account SEG annually for tree planting on private land in urban areas.

<b>ALT C3</b>	<b>Change to Base</b>
SEG	\$200,000

4. Take no action.

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