



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #580

Forestry Account Condition (Natural Resources -- Forestry and Stewardship)

CURRENT LAW

The conservation fund is a segregated (SEG) trust fund used to finance many of the state's resource management programs administered by the Department of Natural Resources (DNR). The conservation fund is divided into ten programmatic accounts, including the forestry account. The largest source of revenue to the account is a sum-sufficient transfer from the general fund equal to 0.1697 mill (16.97¢ per \$1,000) of equalized property value in the state.

DISCUSSION POINTS

1. Article VIII, Section 10, of the Wisconsin Constitution allows the state to appropriate moneys for the purpose of acquiring, preserving and developing the forests of the state through a tax on property not to exceed 0.2 mill (20¢ per \$1,000 of property value). Prior to 2017, the tax rate was set at 0.1697 mill (16.97¢ per \$1,000 of property value). 2017 Wisconsin Act 59 reduced the rate to 0, replacing it with a sum-sufficient transfer from the general fund to the forestry account of the segregated conservation fund. In fiscal year 2023-24, the transfer is estimated to be \$141,500,000. The attachment shows the estimated condition of the forestry account through Committee action to date.

2. The forestry mill rate transfer represents approximately 84% of all budgeted revenues to the forestry account in fiscal year 2022-23. The remaining amounts include: (a) the sale of timber on state forest lands; (b) the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; (d) severance and certain withdrawal payments from timber harvests on cooperatively managed county forests; (e) withdrawal payments on privately owned land entered under the forest crop land and managed forest land (MFL) programs; and (f) a portion of the revenue from the sale of conservation patron licenses to reflect the fact that license holders are granted admission to state

forests at no additional charge as part of the license. Revenues are expected to exceed budgeted expenditures by an average of \$31.7 million in each year of the 2023-25 biennium.

3. Forestry revenues are authorized to support 581.23 positions in DNR. These staff include approximately 449 positions authorized for forest and southern forest operations. The forestry account also supports: (a) tree nursery operations; (b) prevention, detection and suppression of forest fires; (c) forest health and productivity, including administration of the MFL program and assistance to county forest administrators; (d) grants, loans and payments to certain towns, counties and private forest owners; and (e) a portion of DNR administrative costs. Furthermore, the forestry account is used to repay \$13.5 million in stewardship debt service, fund up to \$8 million in stewardship land acquisition, and to pay aids in lieu of taxes on property the Department owns. 2015 Wisconsin Act 55 requires DNR to pay 50% of aids in lieu of taxes payments for lands acquired after 1991 from the forestry account. The remaining 50% is paid from the general fund.

4. In addition, the forestry account supports approximately 15 positions and certain costs of various other state agencies, including the Department of Agriculture, Trade and Consumer Protection, the Kickapoo Reserve Management Board, the UW System, and the Lower Wisconsin State Riverway Board.

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Attachment

ATTACHMENT

Forestry Account Condition

	2021-22 <u>Actual</u>	2022-23 <u>Budgeted</u>	2023-24 <u>JFC to Date</u>	2024-25 <u>JFC to Date</u>	2024-25 <u>Staff</u>
Opening Balance	\$63,701,000	\$85,988,300	\$111,959,100	\$145,792,300	
Revenue					
Mill Tax					
Transfer from the General Fund	\$111,123,000	\$126,453,900	\$141,500,000	\$137,100,000	
Timber Sales	10,403,800	8,431,200	9,500,000	9,700,000	
Forest Tax Law	938,400	2,129,000	500,000	600,000	
Campsite Fees	4,210,900	4,419,200	3,900,000	4,000,000	
State Forest Admissions	4,374,900	4,456,700	4,000,000	4,100,000	
Other	<u>3,882,100</u>	<u>2,562,400</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Total Revenue	\$134,933,100	\$148,452,400	\$161,400,000	\$157,500,000	
Total Available	\$198,634,100	\$234,440,700	\$273,359,100	\$303,292,300	
Expenditures					
State Forestry Operations	\$54,771,500	\$53,963,300	\$55,972,800	\$55,972,800	413.08
Southern Forest Operations	5,283,000	5,313,600	5,681,800	5,681,800	35.45
Stewardship	13,500,000	21,500,000	21,500,000	21,500,000	-
County Forests and Forest Tax Law	5,301,600	6,513,900	6,513,900	6,513,900	-
Forestry Aids	1,913,000	2,592,600	2,592,600	2,592,600	-
Property Development	<u>1,466,900</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	-
Subtotal	\$82,236,000	\$91,883,400	\$94,261,100	\$94,261,100	448.53
Split-Funded Appropriations					
Internal Services	\$6,873,100	\$7,093,700	\$7,364,600	\$7,364,600	43.16
External Services	1,713,100	1,524,500	1,612,100	1,612,100	11.64
Division Management	5,587,400	6,491,800	6,657,600	6,657,600	53.98
Law Enforcement and Safety	1,128,500	1,203,800	1,291,500	1,291,500	8.92
Aids in Lieu of Taxes	6,916,500	7,184,500	7,184,500	7,184,500	-
Debt Service, Maintenance, Development, and Assessments	4,779,600	4,271,300	6,044,100	6,394,500	-
Reservation Fees	<u>579,300</u>	<u>-</u>	<u>291,200</u>	<u>291,200</u>	-
Subtotal	\$27,577,500	\$27,769,600	\$30,445,600	\$30,796,000	117.70
Other Agency Appropriations					
Agriculture, Trade and Consumer Protection	\$1,762,600	\$1,762,600	\$1,794,100	\$1,791,100	9.75
State Historical Society - Northern Great Lakes Museum	72,100	71,300	82,700	82,700	1.00
University of Wisconsin System	139,100	139,100	141,600	141,600	1.00
Kickapoo Reserve Management Board	794,100	785,300	769,100	769,100	2.75
Lower Wisconsin State Riverway Board	58,300	64,200	66,500	66,500	0.50
Tourism	<u>6,100</u>	<u>6,100</u>	<u>6,100</u>	<u>6,100</u>	-
Subtotal	\$2,832,300	\$2,828,600	\$2,860,100	\$2,857,100	15.00
Total Expenditures	\$112,645,800	\$122,481,600	\$127,566,800	\$127,914,200	581.23
Closing Cash Balance	\$85,988,300	\$111,959,100	\$145,792,300	\$175,378,100	
Encumbrances and Continuing Balances	\$19,772,000	\$19,772,000	\$19,772,000	\$19,772,000	
Available Balance	\$66,216,300	\$92,187,100	\$126,020,300	\$155,606,100	