



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #440

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

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 nine 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.

OVERVIEW OF THE FORESTRY ACCOUNT

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 GPR transfer to the forestry account of the segregated conservation fund. In fiscal year 2021-22, the transfer is estimated to be \$109,691,500. The attachment shows the estimated condition of the forestry account through Committee action to date.

2. The forestry mill rate transfer represents approximately 86% of all budgeted revenues to the forestry account in fiscal year 2020-21. 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; and (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 \$16.2 million in each year of the 2021-23 biennium.

3. Forestry revenues are authorized to support 568.6 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 and 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 (GPR).

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

	2019-20 <u>Actual</u>	2020-21 <u>Budgeted</u>	2021-22 Base <u>Plus JFC</u>	2022-23 Base <u>Plus JFC</u>	2022-23 <u>Base Staff</u>
Opening Balance	\$43,762,200	\$50,290,000	\$63,408,900	\$77,175,300	
Revenue					
Transfer from the General Fund	\$98,574,100	\$104,049,300	\$109,691,500	\$114,052,900	
Timber Sales	8,673,000	9,200,000	9,300,000	9,500,000	
Campsite Fees	3,220,200	3,400,000	3,400,000	3,500,000	
State Forest Admissions	3,551,100	3,100,000	3,300,000	3,400,000	
Other	<u>2,888,400</u>	<u>1,250,700</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Total Revenue	\$116,906,800	\$121,000,000	\$127,691,500	\$132,452,900	
Available Balance	\$160,669,000	\$171,290,000	\$191,100,400	\$209,628,200	
Expenditures					
State Forestry Operations	\$49,004,100	\$50,885,800	\$53,257,700	\$53,257,700	413.90
Southern Forest Operations	4,983,600	5,123,600	5,313,600	5,313,600	35.45
Stewardship Debt service	13,500,000	13,500,000	13,500,000	13,500,000	
Forest Law	4,060,900	4,116,100	4,116,100	4,116,100	-
Forestry Aids	7,614,400	4,712,600	4,712,900	4,712,900	-
Property Development	<u>1,844,900</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	-
Subtotal	\$81,007,900	\$80,338,100	\$82,900,300	\$82,900,300	
Split-Funded Appropriations					
Internal Services	\$6,804,400	\$6,833,700	\$7,098,800	\$7,098,800	44.72
External Services	1,410,100	1,444,400	1,507,700	1,507,700	11.51
Division Management	5,432,300	6,038,600	6,476,600	6,311,600	54.57
Law Enforcement and Safety	1,262,700	1,109,700	1,131,700	1,131,700	8.44
Aids in Lieu of Taxes	6,412,800	6,619,500	6,619,500	6,619,500	-
Debt Service, Maintenance, Development, and Assessments	4,957,400	2,493,700	5,057,400	5,082,500	-
Reservation Fees	<u>371,400</u>	<u>291,300</u>	<u>291,300</u>	<u>291,300</u>	-
Subtotal	\$26,651,100	\$24,830,900	\$28,183,000	\$28,043,100	568.59
Other Agency Appropriations					
Agriculture, Trade and Consumer Protection	\$1,688,200	\$1,688,200	\$1,762,600	\$1,762,600	9.75
State Historical Society - Northern Great Lakes Museum	66,100	66,100	71,300	71,300	1.00
University of Wisconsin System	136,700	136,700	139,100	139,100	1.00
Kickapoo Reserve Management Board	745,900	732,300	785,300	785,300	2.75
Lower Wisconsin State Riverway Board	56,100	61,800	64,200	64,200	0.50
Wild Rivers Interpretive Center	<u>27,000</u>	<u>27,000</u>	<u>19,300</u>	<u>19,300</u>	-
Subtotal	\$2,720,000	\$2,712,100	\$2,841,800	\$2,841,800	15.00
Total Expenditures	\$110,379,000	\$107,881,100	\$113,925,100	\$113,785,200	583.59
Closing Cash Balance	\$50,290,000	\$63,408,900	\$77,175,300	\$95,843,000	
Encumbrances and Continuing Balances	\$21,103,100	\$21,103,100	\$21,103,100	\$21,103,100	
Available Balance	\$29,186,900	\$42,305,800	\$56,072,200	\$74,739,900	