



TO: Members of the Joint Committee on Finance
FR: Great Lakes Timber Professionals Association
Lake States Lumber Association
Wisconsin Consulting Foresters
RE: Opposition to the Sunset of the Forestry Mill Tax **(Paper #465- Alternative 8)**

On behalf of the Board of Directors of the Great Lakes Timber Professionals Association (GLTPA), the Lake States Lumber Association and the Wisconsin Consulting Foresters we respectfully request the committee eliminate the Governor's budget proposal to sunset the Forestry Mill Tax. **Eliminating the Forestry Mill Tax would have a negative impact on one of the Wisconsin's most important economic drivers for the state.**

As the state struggles to find a long-term funding solution for the state's transportation program, and biennially debates how much funding is available to support K-12 education, the Medicaid program, and the Department of Corrections, we don't need to add further uncertainty into the mix by eliminating a dedicated revenue stream which adequately maintains, grows and protects one the state's most important resources.

Article 8 §10 (3) of the Wisconsin Constitution authorizes a state forestry tax of up to 0.2 mills (or 20¢ per \$1,000 of property value) for the purpose of acquiring, preserving, and developing the forests of the state. The forestry mill tax is currently 16.97¢ per \$1,000 of value for tax years 2007(08) and thereafter. For a median-valued home of \$155,657, the state tax equaled \$26.41 in 2016(17). This represents 0.9% of the home's estimated net tax bill, assuming the home is taxed at the statewide advantage tax rate.

Forestry account revenues are used to support the following programs: (a) the operations of 23 state forests; (b) tree nurseries; (c) prevention, detection and suppression of forest fires; (d) forest health and productivity including administration of the MFL program and assistance to county forest administrators; (e) grants, loans and payments to certain towns, counties and private forest owners; (f) repayment of a portion of stewardship program debt; and (g) a portion of DNR administrative costs. In addition, the forestry account supports approximately 15 staff and certain costs of various other state agencies including gypsy moth control by the Department of Agriculture Trade and Consumer Protection, the Kickapoo Reserve Management Board and the Lower Wisconsin State Riverway Board.

This past week the Wisconsin Council on Forestry, a diverse group of leaders in the forestry community who direct Wisconsin's efforts to achieve sustainable forestry and who are appointed by the Governor voted to oppose the sunset. The council is charged with advising

the Governor, Legislature, Department of Natural Resources, Wisconsin Economic Development Corporation and other state agencies on a host of forestry issues.

At their last meeting the Council voted to send a letter to the Joint Committee on Finance opposing the sunset of the forestry mill tax and instead recommending the following actions:

- (1) maintain the FMT through this biennium;
- (2) audit the forestry account so we can be fully informed on how collected funds are allocated;
and
- (3) in light of the audit, make recommendations on how forestry funds are best spent.

GLTPA Board member Aaron Burmeister:

“The Forestry mill tax of Wisconsin is important for us to maintain the forest on a responsible basis. It will allow us to continue valuable research on controlling exotic and invasive plants and insects that could bring doom to our forest resource! We would much prefer that the Forestry Mill Tax remain in place and that surplus general purpose revenue be used to fix our rural roads and bridges, so that our industry and other industries in Wisconsin can efficiently get raw products from the forests and fields to our respective mills and markets.”

GLTPA Executive Committee member Mark Huempfer:

“Wisconsin has some of the best sustainably managed forests in the world due to programs that have been established and maintained by the Division of Forestry within the Department of Natural Resources. Examples include the Managed Forest Law (MFL) program, the state’s silvicultural guidelines, Good Neighbor Authority and industry leading best management practices. Unpredictable funding, whereby forestry will now have to compete every biennium for adequate funding with education, transportation and Medicaid, puts these programs and further innovation in jeopardy.”

Gunnar Bergersen on behalf of the Lake States Lumber Association:

“The elimination of the Forest mill tax puts long term DNR forest management for slow growing timber in jeopardy. The public recognized the need for a reliable funding source for forest management when the forest mill tax was created by state wide referendum”

Don Peterson, Executive Director of the Wisconsin Consulting Foresters:

“Wisconsin’s Managed Forest Law (MFL) Program is arguably the most successful incentive program for sustainable forest management of private woodlands in the country. With an enrollment of over 40,000 landowners with over 3.3 million acres of forest land, the MFL program requires twenty-five or fifty-year management plans. This long-term forest management philosophy would be threatened by the current proposed elimination of the Forestry Mill Tax. To effectively manage forests on a long-term, sustainable basis, a long-term sustainable funding source is needed such as the Forestry Mill Tax has provided since 1931.”

While our organizations appreciate the support the current Administration has shown to Wisconsin’s timber and forest products industry, we are concerned about the future and would prefer to continue to work with the Administration and the Legislature to find a solution whereby there can be continued reductions in property taxes and certainty in the funding of programs that ensure the long-term viability of this important resource. We respectfully request that you adopt

Alternative #8 on Paper #465.