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(FORM UPDATED: 08/11/2010)

# WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

## 2005-06

(session year)

## Assembly

(Assembly, Senate or Joint)

## Committee on Forestry...

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (July 2013)

## Assembly

### Record of Committee Proceedings

#### Committee on Forestry

##### Clearinghouse Rule 04-136

Relating to the administration of the managed forest law.  
Submitted by Department of Natural Resources.

April 12, 2005 Referred to Committee on Forestry.

April 26, 2005 **PUBLIC HEARING HELD**

Present: (4) Representatives Friske, Mursau, Ainsworth and Hubler.

Absent: (2) Representatives M. Williams and Boyle.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- None.

Registrations Against

- None.

April 26, 2005 **EXECUTIVE SESSION HELD**

Present: (4) Representatives Friske, Mursau, Ainsworth and Hubler.

Absent: (2) Representatives M. Williams and Boyle.

May 12, 2005 No action taken.

  
Tim Gary  
Committee Clerk



# **Testimony before the Assembly Committee on Forestry**

April 26, 2005

Tia Nelson, Executive Secretary  
Board of Commissioners of Public Lands

## **Introduction**

The Board of Commissioners of Public Lands (BCPL) is Wisconsin's oldest state agency. It was created in 1848 by the State Constitution to manage millions of acres of land granted to the state by the federal government to support public education and the development of the state's infrastructure. Over 10 million acres, nearly one third of the state, were granted for these purposes. Approximately 60% of this total was granted for the construction of roads, canals, and railroads, the reclamation of swampland, and the construction of the first State Capitol. These lands were sold or distributed as directed by the original land grants. Other lands were granted specifically to support public education. Known as Trust Lands, they totaled 3.6 million acres. Over 97% of these lands have been sold and the proceeds used to enhance the Trust Funds. There remain 77,755 acres of Trust Lands in BCPL ownership.

The Board of Commissioners of Public Lands is a self-supporting, program revenue agency. Revenues are derived from investments of the Trust Funds, a variety of fines, forfeitures, and unclaimed property, as well as timber sale revenue generated on the remaining Trust Lands. The Board's largest investment is the State Trust Fund Loan Program, which provides financing to school districts and municipalities throughout the state. The principal beneficiaries of the Trust assets are Wisconsin's K-12 public school libraries. With school districts facing increasing budget constraints, many rely on the Common School Fund as their sole source of library funding.

The Attorney General, the Secretary of State, and the State Treasurer comprise the Board of Commissioners of Public Lands as created by Article X of the State Constitution. The Board appoints an Executive Secretary who is responsible for the on-going functions of the Board as detailed in Chapter 24 of the Wisconsin Statutes.

## **Current Land Holdings and Management Practices**

At this time 77,755 acres of Trust Lands remain in BCPL ownership. Nearly 90% of these lands are located in nine counties: Florence, Forest, Iron, Langlade, Lincoln, Marinette, Oneida, Price, and Vilas. The remaining 10% of Trust Lands are scattered in 25 counties across northern and western Wisconsin. These lands are highlighted in yellow on the accompanying map.

Like many other public forest managers, the BCPL manages its lands under the multiple-use model with a full range of land management activities that include: timber management, timber regeneration, timber stand improvement, forest protection, and recreational activities. Unlike other land management agencies, the BCPL is responsible for generating revenue for its beneficiaries, while at the same time protecting and enhancing the assets of the Trust.

### **Timber Sale Program**

BCPL land management staff has divided the approximately 78,000 acre land base into 51 planning areas. They contain similar natural features such as soils, landforms, cover types and have been evaluated for their timber management potential. In suitable areas, timber sales have been scheduled through 2014. In addition, BCPL Trust Lands are currently undergoing a detailed stand exam inventory designed to provide up-to-date information on growth rates and timber composition.

The BCPL schedules timber harvests on 800 to 1100 acres annually with an approximate timber volume of 4 million board feet (equivalent to 8000 cords of pulpwood and 650,000 board feet of sawtimber). All applicable silvicultural treatments from single-tree selection cuts to clearcuts are utilized. The only time the BCPL does not harvest its scheduled timber is when access is cut off by surrounding landowners.

These timber harvests come from a landbase that has a large proportion of land that is not forested, relatively unproductive or cut off from access. Timber harvests are scheduled on 75% of the 32,000-acre upland landbase (25,000 acres). Of the remaining 25% of uplands (7000 acres), 13% is landlocked and inaccessible, and 12% is deferred because the sites are natural area quality or can not be adequately regenerated. Much of the BCPL's upland landbase has a large proportion of hemlock. Since this timber species is not regenerating in most locations, it is currently not being cut. This lowers the average timber volume per acre.

Approximately 60% of all Trust Lands are wetlands (46,000 acres). More than half (26,000 acres) are non-forested wetlands such as bog or alder swamp. Of the 20,000 acres of forested wetlands, 10,000 acres are white cedar or black ash and 10,000 acres contain immature swamp conifers. The white cedar is not cut because it can't be regenerated and it is a vital component of important traditional deer yards. The black ash is located in swamps that are inaccessible due to wetland muck soils that do not freeze.

Currently, BCPL Trust Lands are managed by a staff of 2.5 FTEs and 3 half-time LTEs. Over the past two years, the BCPL has averaged about \$600,000 in annual timber revenue. This year, BCPL had its most successful year ever, earning over \$800,000 from timber sales. Most of the revenue is deposited into the Normal School Fund (principal of \$20,000,000), which generates over \$1 million in interest income annually. Using current salaries and expenses, land management costs are about \$397,000 annually. Unless timber prices drop drastically, the BCPL timber program will operate safely in the black.

With Land Bank authority, the BCPL landbase will change and more timber will be put on the market. The BCPL has identified about 20,000 acres for sale. Since these lands generally have a 40%-60% ratio of upland to wetland, the BCPL expects to purchase fewer acres (approximately 10,000 - 15,000 acres) in return at a higher ratio of upland to wetland. The BCPL expects to gain access to most of its blocked timber or sell parcels that are too small to economically manage. Therefore, we expect to have a net increase in productive timberland and corresponding timber sale revenue. This translates into a net increase of at least 1 million board feet of additional timber harvest annually. We base these figures on experience. In the past five years, through land exchanges that have given us access to previously inaccessible timber, we have generated an additional \$173,000 in timber revenue on 345 acres.

### **Land Consolidation Plan**

To improve its timberland management, the BCPL is using existing trade authority to implement a Land Consolidation Plan approved unanimously by its Board on July 10, 2003. While the authority to trade land has allowed BCPL some limited success in consolidating the Trust Lands, it is not uncommon for a single trade to take a year to complete.

The intent of the consolidation plan is to dispose of isolated parcels within 24 counties (yellow area on map) and to reinvest the proceeds into the consolidation of larger blocks currently held within the nine counties that contain 90% of the state's Trust Lands (green area on map). The acquisition of additional lands within the consolidation zone will provide access to currently land-locked parcels, thus increasing management efficiency and productivity.

Some benefits of this plan include:

1. Forest industry partners, especially logging companies, will realize reduced production costs per acre through access to larger timber tracts managed by the BCPL.
2. BCPL land management efficiency will be enhanced through a reduction in costs.
3. The process of forest fragmentation will be mitigated in the target area (green area on map).
4. The public (tourism, hunting and recreation) will gain access to tracts of Trust Land that were once land-locked.

### **The Land Bank**

Approved unanimously by the Board at its April 14, 2005, meeting and included in the Governor's Budget is language creating the Land Bank. Modeled after legislation of several other states, it would allow the BCPL to use the proceeds from the sale of unproductive parcels for acquiring land in order to increase timber revenue, reduce forest fragmentation or increase public access. The budget language specifies that there can be no net gain in total acres of BCPL Trust Lands.

It is our intent to implement this authority so that it is revenue neutral for property taxes. Most if not all of the land that would be acquired is currently enrolled in the Managed Forest Law under the open access rate. The BCPL will pay payment-in-lieu-of-taxes (PILT) to local units of government at the rate of the previous owner. This would require a change to the existing language in the budget bill.

The main purpose of the Land Bank is to help the BCPL meet the goals of its consolidation plan by making it possible to realign its ownership into more productive timber management units. Since the BCPL would sell isolated lands and acquire better timberlands with increased access, the expected outcome would be a decrease in the size of its total land holdings. Nevertheless, transactions facilitated by the Land Bank would increase the net revenue generating capacity of the Trust Lands due to better access, improved operating efficiency and a higher proportion of productive timberland.

### How the Land Bank Would Work

- Based on the language in the executive budget bill the Land Bank must do one or more of the following:
  1. improve the efficiency of BCPL's timberland management activities.
  2. address forest fragmentation issues.
  3. increase public access to BCPL land.
- Board staff has developed the following criteria for evaluating Land Bank transactions:
  - A. *Management Efficiency*
    - 1) The percentage of upland of BCPL properties must increase over the long term.
    - 2) The average productivity of forest soils measured by the site index must increase over the long term.
    - 3) The amount of line work per acre must decrease.
    - 4) The average distance from the BCPL field office to the tracts must decrease.
  - B. *Forest Fragmentation*
    - 5) The average tract size must increase.
    - 6) The ratio of perimeter to area must decrease.
  - C. *Public Access*
    - 7) The number of acres open to the public must increase.

At a minimum, four of the seven criteria stated above should be satisfied in order for a transaction to proceed to completion.

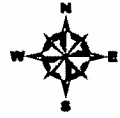
- The BCPL will screen all land holdings for retention or sale. Parcels that cannot meet the criteria of retention would be available for sale with the proceeds temporarily held by the Land Bank. Criteria for retention include but are not limited to those lands that:
  1. provide access to other BCPL property.
  2. provide access to other public or private timber holdings.
  3. have logging access or the opportunity to obtain a recordable easement for management purposes.
  4. are suitable for ownership by another public agency within an existing project boundary.
- Private consultants will be hired to assist with appraisals, title work and real estate services. All costs would be borne by the corresponding transaction.
- Sales would be conducted on a per county basis with advertising being placed both locally and in major Wisconsin real estate markets.
- The BCPL would conduct periodic sales of these lands using the sealed bid process. Funds generated through Land Bank sales will be deposited in a separate account and made available for BCPL land purchases within the area targeted for long-term ownership (green area on map), which will help to consolidate productive timberland blocks.

Trust Land agencies in other states, such as Utah, Colorado and Washington, have successfully created and implemented similar Land Bank programs to increase the efficiency of their land management programs.





Attachment: BCPL Land Consolidation Map



# BCPL Land Consolidation Status-12/2004



## Legend

-  Long-Term Land Ownership: Counties
-  Planned Land Disposition: Counties
-  Recent Land Ownership Disposition: Counties
-  Target Area for Long-Term Ownership