

# Wisconsin County Forests Association

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February 27, 2019

Co-Chairs, Wisconsin Joint Legislative Audit Committee:

Honorable Senator Robert Cowles  
Room 118 South  
State Capitol  
P.O. Box 7882  
Madison, WI 53707

Honorable Representative Samantha Kerkman  
Room 314 North  
State Capitol  
P.O. Box 8952  
Madison, WI 53708

Regarding: Forestry Account Audit Report

Senator Cowles and Representative Kerkman,

Thank you for the opportunity to provide input on Audit Report 18-8: Forestry Account.

Wisconsin County Forests Association (WCFA) represents the forestry interests of 29 counties in Wisconsin with lands enrolled under the state's County Forest Law (State Statutes §28.10 and §28.11). Collectively our 29 counties manage nearly 2.4 million acres of forests, the largest public land base in Wisconsin.

We appreciate the legislature's investment in reviewing Wisconsin's Forestry Account expenditures and would like to bring your attention to a few items contained in the audit report that are of concern to WCFA.

- Page 34 of the audit report states FY 2016-17 expenditures from the Forestry Account include an estimated \$65.1 million (53.5% of the account) for activities primarily related to forestry, \$49.2 million (40.5% of the account) for activities that support forestry in addition to other programs, and \$7.3 million (6% of the account) for activities not directly related to forestry.
- Page 36 of the audit states an estimated \$25.9 million from the forestry account funded DNR's administrative expenditures. This dollar amount represents 21.9% of all Forestry Account expenditures made by DNR. The actual percentage of DNR's Forestry Account expenditures made for administration declined since the 2002 audit but this is due to the fact total DNR expenditures from the Forestry Account increased by an estimated 76.6% while administrative expenditures increased by an estimated 38.9% so the result is a net decrease in **percentages**. Table 13 on page 37 details DNR administrative expenditures funded by the Forestry Account. As indicated on page 38 of the report; The Forestry Account paid 51.4% of all administration and technology costs charged to the Conservation Fund.
- When comparing DNR expenditures from the Forestry Account in FY2000-01 (2002 audit) to FY2016-17 some of the largest growth in Forestry Account expenditures include activities not directly related to forestry which increased by an estimated \$5.9 million (470.6%).
- In FY2016-17 DNR spent \$7.2 million from the Forestry Account on activities that were not directly related to forestry. Table 14 on page 40 of the report lists individual expenditures contributing to the \$7.2 million
- Table 15 on page 41 of the report depicts Forestry Account expenditures by State Agencies other than DNR, Table 16 on page 42 describes funded activities and their relationship to forestry.

- We feel it is appropriate for the Forestry Account to fund some portion of Knowles-Nelson (KN) Stewardship Program debt service, particularly on sustainably managed forested properties. We suggest Aids in Lieu of Taxes (PILT) payments on state purchased lands under KN Stewardship that are not forested, but rather serve some other important purpose, perhaps should come from an alternative funding source. Beginning in 1992, purchases of state lands utilizing bonding authority under KN Stewardship increased PILT amounts substantially by reimbursing local municipalities at a rate equal to property taxes being paid on the acquisitions at time of purchase. Pages 45 and 46 of the report contain details of Forestry Account contributions to Stewardship debt service. Table 14 on page 40 of the report lists Aids in Lieu of Taxes that are paid on properties managed by DNR divisions or bureaus outside of forestry.

We have no method for participating in the process to resolve issues identified as areas of concern, but appreciate the opportunity to bring them forward nevertheless. Moving forward without a permanent segregated source of funding for Wisconsin forestry programs makes the analysis of past spending from the Forestry Account difficult to assess. Wisconsin Council on Forestry and a number of forestry community members, including WCFA, have offered to work with the legislature, if requested, to find a more permanent solution for funding our state's valuable forestry programs that benefit the State of Wisconsin in countless ways.

Thank you again for your attention to this important matter, if we can be of further assistance please do not hesitate to contact our office.

Respectfully,



Norman K. Bickford, President  
Wisconsin County Forests Association

Cc Fred Souba, Wisconsin Chief State Forester  
Senator Tom Tiffany, Chair, Senate Committee on Sporting Heritage, Mining, and Forestry  
Representative Jeff Mursau, Chair, Assembly Committee on Forestry, Parks and Outdoor Recreation