

Council on Forestry Meeting
The Madison Concourse Hotel and Governors Club
1 W. Dayton Street, Madison, WI
January 22, 2015

Council Members Present: Henry Schienebeck (Council Chair), Paul DeLong, Kim Quast, Rep. Jeff Mursau, Virgil Waugh, Troy Brown, Paul Strong, Matt Dallman, James Hoppe, Tom Hittle, Jim Kerkman, Richard Wedepohl, and Mark Rickenbach

Council Members Absent: Jane Severt (Council Vice-Chair), Bruce Allison, and Senator Tom Tiffany

Guests Present: Rebecca Diebel (WDNR), Terrisa Mulder (WDNR), Fred Souba (Provision Forestry), Carmen Hardin (WDNR), Nancy Bozek (WWOA), Gretchen Marshall (UWSP/LEAF), Doug Duren (Large land owner), Earl Gustafson (Wisconsin Paper Council), Caleb Klima (WWOA AmeriCorp Member), Tia Nelson (Public Lands), Cory Bruce (Rep. Mursau's Aid), Darrell Zastrow (WDNR), Jeff Barkley (on behalf of Council Co-Chair, Jane Severt), Paul Heinen (TNC), Sara Bredeson (The Country Today), and Tyler Wentzlaff (Senator Tiffany's Aid).

Chair Schienebeck called the meeting to order at 9:16 am with introductions of Council members and guests present.

Meeting Minutes

FY15-17 Budget -

Henry Schienebeck

The Council discussed items that members believe should be considered for action by the legislature either as part of the budget process or in separate legislation. Council member raised a number of issues, following which a discussion took place identifying what information would be helpful to the Council as it decides whether to support one or more of the proposed items. Information on all of the following items will be provided to the Council in advance of the March meeting.

1. Should a third party dispute resolution panel be developed to address conflicts between DNR, Cooperating Foresters and others involved in MFL?

Action: Kim Quast will work with DNR to gather the SRI Proposal and current statistics regarding what the current system is and how it is working.

2. Streamlining MFL

Concerns were raised regarding the cutting notice process and the difficulty some are having using it. It was suggested that some believe there is not a lot of flexibility being shown by DNR. A panel (see item #1) may be effective in addressing this issue. A guidance document could be developed to assist in the process. Kim feels some of these items may be addressed in the new MFL efficiency review process. There is a new field review sheet which will remove some of the individual discrepancies. The intent is to streamline the process resulting in fewer returned cutting notice. However, some are concerned that the process may not be meeting this intent.

Action: DNR will provide to the Council information about each of the MFL efficiencies groups. Jim Hoppe will work with DNR to identify what information is required (versus what is nice to have) and capture some of the inconsistencies in implementation.

- a. Comparison of the plans out there.
- b. Jim Hoppe will work with Paul to verify the key issues are being addressed.

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3. Staff levels in DNR

The perception exists among some that there are too many DNR Foresters, particularly given the number of Cooperating Foresters now in the program.

Action: DNR will provide a breakdown by program, a comparison with historic levels, and an average level of accomplishment based on available metrics. Also provided will be information about the number of Cooperating Foresters through time, and their accomplishments. .

4. Cost/benefit of certification

Concerns have been expressed that the costs of certification exceed the benefits. Of concern is both the direct costs and a perceived costs associated with less wood coming from certified lands.

Action: DNR will provide information to the Council regarding the costs of certification and the ways in which it has impacted operations in the state, county and MFL programs. Earl Gustafson and Troy Brown agreed to survey their members to ascertain the degree to which certification (and which system(s), if any) is important to their members.

5. Support for Stewardship

Matt Dallman requested that the Council send a letter to Speaker Voss thanking him for his recognition about the importance of Stewardship in maintaining working forests. Given the impending release of the Governor's budget it was decided that the letter would wait until after the release of the Governor's budget so that the letter could be informed by it.

Action: Matt Dallman and Tom Hittle will draft a letter once the Governor's budget is released. DNR will provide the council with information regarding what has been accomplished with Stewardship (state and county forest purchases and working forest easements) and what the debt load is from Stewardship bonding.

6. Incentivizing sustainable forest management on large blocks

Tom Hittle noted that large landowners need to take in to consideration how issues such as MFL, NLEB and other issues are affecting the desire of large landowners to do business in Wisconsin.

- Recommend the Council look at the MFL program with a goal of:
 - 1) providing an outcome based, economically efficient, workable, stable forest property tax incentive program
 - 2) providing assistance with the costs and management associated with public use, roads, trails (snowmobile, ATV, UTV)
 - 3) providing support for Conservation Easement acquisitions and Knowles Nelson Stewardship funding to keep these large blocks as functional working forests

Action: DNR will work with Tom Hittle to provide Council industrial land turnover and land access statistics, as well as information about DNR oversight and landowner costs associated with providing motorized access.

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7. Expand the capacity of the Council on Forestry

Are there resources the Council needs to be more effective (i.e. staffing and funding to do research and/or projects)? The Minnesota and Oregon models have both staff and an operating budget. Note: This would require a statutory change.

Action: DNR will gather information on the MN and OR models and share with the Council.

8. Tax credit for thermal biomass heating

Representative Mursau has drafted a bill (#LRB-0114) to create tax credit for creating a nonrefundable individual and corporate income and franchise tax credit for purchasing and installing a thermal biomass heating system.

Action: Representative Mursau will forward the draft bill to the Council for review following the meeting.

9. Manufacturing and agriculture tax credit expansion

Forest landowners do not qualify for this tax credit. An opportunity exists to provide an additional incentive for landowners to manage their forest land.

Action: DNR will connect with Department of Revenue to gather information and develop an assessment that can be shared with the Council.

10. Acreage share payments

Currently towns receive \$.30 per acre from the state for land in the county forest program. DNR had developed a budget proposal to raise this to \$.55 per acre but it was pulled for later consideration. Jeff Barkley expressed the importance of compensating counties properly and stated this amount hasn't changed in 25 years. The counties are seeking Council support for this increase.

Action: DNR will share the budget proposal with the entire Council.

11. Audit the Forestry Account

It was suggested that a Legislative audit be completed on the Forestry Account as one has not been completed since 2002.

Action: DNR will provide the Council a copy of the 2002 audit in addition to the 2014 expenditures from the Forestry Account.

12. Scientific review of guidelines

Guidelines should be reviewed from a technical point of view. Should they be sent to a scientific review panel after drafting? Should a scientific panel be established for these reviews? This could be a group of professionals or an agency.

Action: Henry will share the comments he received from NCASI regarding the American Marten. DNR will share the program guidance and information about what the department intends to do in response to the information received.

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Legislative Updates

Representative Mursau – Representative Mursau is anxious to see the Governor's budget so they can work on the items in it. He is meeting with Senator Tiffany next week to discuss MFL and get it moving forward. His hope is to have an update for the Council at the March meeting. Rep. Mursau is now the Chairman of the Forestry and Environment Committee and no longer on the Agriculture Committee. Tyler Wentzlaff on behalf of Senator Tiffany - Tyler said Senator Tiffany was appointed to chair the Sporting Heritage, Mining and Forestry Committee, and serve on the Joint Finance Committee. The Senator is looking forward to seeing the budget on February 3 with hopes of wrapping up budget work in early June.

2015-17 Forestry Division Problem Statements & Research Questions

Carmen Hardin

Carmen presented the 2015-2017 Forestry Division Problem Statements and Research Questions.

Action:

- Council should review the document Carmen provided and offer feedback on the questions presented. Carmen would be interested to know if Council members feel there are items missing or needing change. The Council is also being asked to identify priorities for research from a Council perspective.

Wisconsin MFL “straw dog”

Fred Souba

At the last Council meeting Fred Souba was asked to research tax programs of other states and compare them to Wisconsin's current MFL program. He presented his findings to the Council.

Fred used various components of the Michigan Commercial Forest Act (CFA), Michigan Qualified Forest Property Tax Program (QFP), and Minnesota Sustainable Forest Incentive Act (SFIA) programs for comparison purposes. Below is a summary of Fred's observations:

- WI is further along than MI and MN in addressing tax incentive programs for small private forest owners.
 - MI and MN – 30% and 35%, respectively, is owned by state, county, industry resulting in limited focus on NIPF in the past.
 - WI – 21% forest land owned by state, county, industry
- The MFL Program is more robust (complex and complete) than programs in MI and MN.
- WI MFL requirement of ‘mandatory’ practices increases the probability of wood being harvested.
 - MI CFA – DNR verifies compliance following harvest.
 - MI QFP – landowner “attest” to follow plan; annual report from landowner required when trees are harvested.
 - MN SFIA – landowner signs annual Letter of Certification.
- MFL is third-party certified to FSC and ATFS Forest Management Standards; programs in MI and MN are not.
- In 2014 the Minnesota Forest Resources Council made the following recommendations¹ to the SFIA as part of an economic development strategy, suggesting that the Wisconsin MFL program is more aligned with getting wood to the market.
 - Clarify the goals of the Program regarding benefits of the program for small and large owners.

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- Identify SFIA as an incentive program rather than as a tax break; this would permit an administrative shift from DOR to DNR.
- Implement a two-tiered payment – higher payment for landowner who provide public access and lower for those who do not. (*MFL*)
- Private landowner forest management plans should be registered with the DNR. (*MFL*)
- DNR should be charged with periodically reviewing landowner compliance of the participants to the SFIA program requirements. (*MFL*)

The Council raised interest in sponsoring a roundtable type meeting; however, it would be important to have a very clear understanding of the expected outcomes outlined in advance of the meeting.

Action:

- Mark Rickenbach will work with Tom Hittle and Fred Souba to draft a “straw dog” for the Council to review which will outline the details (i.e. attendees, expectations, outcomes, and follow-up) for the roundtable event. This will be presented to the Council in March.

Forest Practices Study -

Fred Souba

Fred presented the Council a project summary on the Wood Supply Chain Component Cost Analysis; A Comparison of WI and U.S. Regional Cost. Tomorrow the summary along with the complete report will be posted on the webpage. On January 21, two additional projects were awarded to address Topic 2; what are the economic and ecological consequences (costs/benefits) of selected aspects of forest policies, regulations and guidelines in Wisconsin? The first award was given to the Forest Guild and the other to UWSP. Completion is anticipated at the end of 2015 or the first quarter of 2016. The project abstracts can be found online. All other projects are on schedule. There is over \$150K available in the Study budget.

Action:

Council members should think about who should ultimately review the results of these studies once the information is received and whether a team should be put together for this purpose. Recommendations should be sent to Fred Souba by February 27, 2015.

State Foresters Report -

Paul DeLong

NLEB – last week USFWS came out with the 60-day comment period on a 4D rule. They have not made a decision as to what designation to put the bat under. They will not make that announcement until April 2nd. They want to be in position to put a rule in place at the same time as the designation is made should they decide to list the bat as threatened and not endangered. The 4(d) rule contains a set of conservation measures. DNR’s NHC and Forestry staff is working on getting out a question/answer document for the community to provide additional clarity regarding the rule. The outline should come out early next week.

Secure Rural Schools – The federal Secure Rural Schools (SRS) program expired on September 30, 2014. The program was not reauthorized by Congress. Because the SRS Act has not been reauthorized, the 1908 Act requiring payments of 25-percent of national forest income will govern the distribution of payments to schools with National Forest land for the federal fiscal year 2014 payment. Paul DeLong

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received a copy of a letter addressed to Governor Walker from Thomas Tidwell, Chief of USFS outlining the 30% reduction in payments.

Action:

- Paul will forward the letter to the Council.

Good Neighbor Authority (GNA) – Rebecca Diebel, WDNR has been the lead working with Forest Service (FS). Public comment is open now and comments are due February 9th. GNA is designed to give states the ability to work directly on national forest lands to help them implement their land management plan. The USFS has developed draft templates for the agreements. The state would be the general contractor on the agreements and they would look to sub-contract with counties or private sector foresters to get at least a portion of the work done. They are currently asking for feedback on the templates in regard to substance, potential roadblocks, implementation, etc.

DNR tried to advocate that Counties be authorized to be the general contractor as an agent of the state, however, the USFS stated this was not allowed and the State was required to be the General Contractor. DNR will be working with Paul Strong's staff at the beginning of February on the details to assess how this would work and identify possible roadblocks as a basis for submitting comments to the USFS and outlining changes to ensure the program can work efficiently to achieve results on the ground. This information will be shared with the Council and comments provided to FS.

Action:

- Council is to review the templates and submit comments via instructions or give comments directly to Rebecca so she can submit them to Forest Service through the proper process.
Comments due to Rebecca by February 2.

Discover Wisconsin – Outreach Video

Henry Schienebeck

Discover Wisconsin will be presenting a video on the “Top Ten Myths of Forestry.”

Action:

- If you have a myth you feel should be discussed on the video, please send your suggestions to Fred Souba within the next two weeks. Also, if you have a person you feel should present the myth, give him that suggestion as well.
- DATCP has developed a CD on forest products markets— Paul will send this to Council members.

Additional Action Items:

- Henry and Paul will work together regarding how various correspondences should be shared with interested parties, etc.
- Henry will establish a deadline for information on all the listed topics to be provided to the Council in advance of the March meeting.

Future Agenda Item(s)

Discussion of topics identified at this meeting for possible legislative action.

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MFL Update – Mursau/Tiffany

Future Meeting – March 12, 2015 in Madison – location TBD