



## Forestry Account

### Background

The Department of Natural Resources (DNR) administers the Forestry Account, which funds DNR's forestry program and related administrative activities. In fiscal year (FY) 2016-17, DNR and five other state agencies spent an estimated \$121.6 million in state and federal funds from the Forestry Account. The forestry mill tax was the largest source of revenue for the Forestry Account and represented 69.7 percent of total Forestry Account revenues in FY 2016-17. 2017 Wisconsin Act 59, the 2017-19 Biennial Budget Act, eliminated the forestry mill tax beginning with property tax assessments as of January 1, 2017, and it directed a transfer of general purpose revenue (GPR) to the Forestry Account in an amount equal to what the mill tax would have been.

### Key Findings

During our audit, we found that:

- [Forestry Account revenues increased](#) from \$108.2 million in FY 2012-13 to an estimated \$123.3 million in FY 2016-17, or by 14.0 percent.
- [Forestry Account expenditures increased](#) from \$106.9 million in FY 2012-13 to an estimated \$121.6 million in FY 2016-17, or by 13.8 percent.
- In FY 2016-17, we estimate 53.5 percent of [Forestry Account expenditures](#) was for activities primarily related to forestry, 40.5 percent was for activities that support forestry in addition to other programs, and 6.0 percent was for activities not directly related to forestry.
- DNR's [administrative expenditures](#) funded by the Forestry Account totaled an estimated \$25.9 million in FY 2016-17 and represented 21.9 percent of all Forestry Account expenditures made by DNR.
- The [total number of authorized full-time equivalent \(FTE\) positions](#) in DNR funded by the Forestry Account declined from 641.3 FTE positions in FY 2012-13 to 615.8 FTE positions in FY 2016-17.
- DNR was [not in compliance with a statutory provision](#) requiring that 4.0 percent of annual forestry mill tax revenue be used to purchase forests in the specified 16-county region located in southeastern Wisconsin.
- The University of Wisconsin System did [not comply with statutory requirements](#) to limit to \$78,000 annually the amount of Forestry Account funds spent on a paper science program and to limit to 5.0 percent the amount of Forestry Account funds spent annually on administration.

### Key Recommendations

We [recommend](#) DNR comply with s. 25.29 (7) (b), Wis. Stats., by spending 4.0 percent of annual funds transferred to the Forestry Account in lieu of the mill tax to purchase forests in the 16-county region specified by statutes. We also [recommend](#) the University of Wisconsin System comply with statutory requirements to limit to \$78,000 annually the amount of Forestry Account funds spent on a paper science program and to limit to 5.0 percent the amount of Forestry Account funds spent annually on administrative expenses.