



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Jim Doyle, Governor
Matthew J. Frank, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY Access via relay - 711

NR 46, Wis. Adm. Code

Board Order No. FR-09-09
Clearinghouse Rule No. 09-31

Senate Committee on Transportation, Tourism, Forestry, and Natural Resources

Department of Natural Resources Testimony
Kathryn J. Nelson, Chief, Forest Tax Section
Division of Forestry
July 16, 2009

Mr. Chairman and Committee Members:

Good morning. My name is Kathy Nelson and I am the Chief of the Forest Tax Section in the Department of Natural Resources' Division of Forestry. I appreciate this opportunity to appear before you to discuss Clearinghouse Rule No. 09-31.

The Department of Natural Resources supports CR 09-31 related to changes in NR 46. NR 46 is the administrative code that administers the Managed Forest Law (MFL) program. NR 46 is updated annually to determine new yield and severance tax values so that landowners may pay deferred taxes back to their local municipality when trees are harvested. Other changes to NR 46 are done to streamline and provide efficiencies in several program areas where confusion and ambiguity exist.

This year we had more participation by the public than in past years. The downturn in the economy and subsequent tightening of timber markets encouraged folks to attend the public hearing and provide current stumpage prices, or to submit suggested prices in writing.

DNR introduced two new tables for pulpwood and mixed products based on weight in tons. This was done because many mills purchase raw materials by tons instead of by cords. Having tables based on tons will eliminate the need to convert weight back to cords and should allow for greater accuracy and ease in reporting harvested volumes.

DNR also introduced a rate for material 4 inches in diameter and smaller to address the biomass, or renewable energy market, that has recently emerged. Landowners have recently been able to sell their tree tops after having a conventional timber sale occur on their properties. NR 46 did not have rates in which to calculate yield tax for this material in the past. The addition of a rate for small woody material should again allow for greater accuracy and ease in reporting harvested volumes.

After DNR revised the NR 46 stumpage value tables, the statewide sawlog prices dropped 11%, pulpwood dropped 7%, mixed products dropped 5% and piece products dropped 2%.

Other changes to NR 46 were largely supported by the public. These changes included: