FOREST POLICY IN IOWA
IOWA DNR
Bureau of Forestry

WHY HAVE FOREST POLICY IN IOWA?
- FEAR OF SCARCITY
- ECONOMIC INTERESTS/VALUES
- SOCIETY INTERESTS/VALUES
- CONTROL OR LIMIT USE

WHAT IS FOREST POLICY?
- A principle or course of action chosen to guide decision making affecting forestland and its stake holders.
  - Landowners
  - Neighbors
  - Industry
  - Consumers
  - Society

STREET LAWS
- Chapter 455A.75
  - creates a Forestry Bureau with DNR
- Chapter 455A.13
  - state forest nurseries
- Chapter 487C
  - Forest and Fruit Tree Reserve
- Chapter 488A.36
  - Timber buyback bonding
- Chapter 481A.51
  - Sale of public timber
- Chapter 17A
  - Iowa Administrative Procedures Act

AUTHORITY FOR IOWA FOREST POLICY
- STATE LAWS
  - CODE OF IOWA
  - ADMINISTRATIVE RULES OF THE DNR
  - STATE APPROPRIATIONS
- USDA FOREST SERVICE
  - COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978
  - FEDERAL APPROPRIATIONS
- DEPARTMENT AND BUREAU POLICY
  - DAY TO DAY OPERATIONS

FOREST POLICY INFLUENCES?
- AUTHORITY
- INFORMATION
- STAKEHOLDERS
- RESOURCES
- POLITICS
ADMINISTRATIVE PROCEDURES ACT

- Establishes a process developing administrative rules for an agency to carry out legislative intent
  - Publishing a Notice of Intent
  - Public Hearing
  - 2 rounds of approval of the Natural Resources Commission
  - 2 rounds of approval of the Legislature's Administrative Rules Review Committee
- This generally requires a 3-5 month process until the rule is final

Forestry Bureau Administrative Rules

- Duty of the Forestry Bureau
- Sale of timber from state lands managed by the DNR
- State nursery operation and sales
- Timber buyer bonding program
- Community tree grant program
- Forest reserve program
- Forest Land Enhancement Program

THESE RULES ALLOW ACTION ON THE GROUND
THEY ARE LEGAL INTERPRETATIONS OF THE LAW

MAJOR FEDERAL LAWS AFFECTING IOWA FORESTRY

- Weeks Law of 1911
- Clarke-McNary Act of 1924
- Cooperative Farm Forestry Act of 1937
- Cooperative Forest Management Act of 1951
- Smokey Bear Act of 1952
- Endangered Species Act of 1973
- Cooperative Forestry Assistance Act of 1978
- Farm Bill of 1990 and the Forestry Title

IOWA'S FOREST BUREAU

- ANNUAL BUDGET OF $5.2 MILLION
  - $2.3 million state general fund (state taxes)
  - $1.7 million in revenue
  - $900,000 in federal funds
  - $200,000 in outside funding
- FULL-TIME STAFF OF 53.7 FTE
  - 25 professional foresters
  - 28.7 technicians and seasonal employees
- SUPPORT
  - DNR Administration
  - 4 leased or contract employees
  - Outside contracts
  - Partnerships
  - Collaboration with others

BUREAU POLICY

- FUNCTIONAL & OPERATIONAL
  - PERSONNEL
  - FINANCES AND ACCOUNTING
  - LEGALS
  - FACILITY AND STATE LAND USE
  - PROGRAMS

WHO ARE THE STAKEHOLDERS INVOLVING FORESTRY IN IOWA?

- Forest landowners
- Neighbors
- Local governments
- Economic interests
- Non-profit organizations
- Volunteers
- Society
EXISTING STAKE HOLDERS ISSUES IN IOWA FORESTRY!
- Private property rights
- Deer Damage
- Forest Reserve
- State Nursery
- Timber harvesting on public lands
- Prescribed Fire
- Equestrian Trails

POLITICS AFFECT IOWA FORESTRY
- EXTERNAL
  - FEDERAL
  - SPECIAL INTERESTS
  - STAKEHOLDERS
- INTERNAL
  - GOVERNOR
  - LEGISLATURE
  - DIRECTOR
  - DIVISION ADMINISTRATOR
  - BUREAU CHIEF
  - STAFF

CASE STUDY #1
FOREST RESERVE PROGRAM

Iowa’s Forest Reserve Law
An Brief History – Current Status and Discussion on the future of a Law to retain Iowa’s private forests

Iowa’s Forest Resource
- Iowa’s forests cover 7% to 8% of our landscape
- 90% of our 2.7 (FIA) to 2.8 (GIS) million acres are owned by 138,000 + private landowners

History of the Forest Resource

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Vision of Forest Reserve

- By the turn of the 20th century, over 60% of the forest had been cleared for agriculture. As agriculture became mechanized during the early 1900s, the pressure of additional forest loss was mounting.
- Since the majority of the forests in Iowa were privately owned at that time—and public funds to purchase forestland were lacking and not considered a feasible option—early conservationists and political leaders came up with an incentive effort.
- This incentive became known as the “Forest and Fruit Tree Reservation Act” and was passed by the Iowa Legislature in 1906.
- The intention of the Forest and Fruit Tree Reservation Act was to “reduce or eliminate property taxes to induce landowners to hold their poorer lands in timber not only as a source of farm income but also for erosion control, watershed protection and game cover.”

How To Enroll in the Forest Reserve

- Private landowners interested in enrolling their forest or fruit trees into reservations must make an application with the county assessor’s office prior to February 1st of the year for which they are claiming exemption.
- Once the application is approved, the area shall continue to receive tax exemption under the full extent of the law during each year that the area is maintained as a forest reservation without having the owner re-file.
- This tax exempt status is transferred with the property as long as it qualifies.

Forest Reserve Law Timeline

- 1906 – Established to encourage retention of forest and wildlife habitat
- 1907 – 1935 – Forest reservations have appraised value of $1/acre
- 1935 – Appraised value raised to $4/acre
- 1974 – Appraised value raised to $14.82/acre
- 1986 – Appraised value decreased to $0/acre
- Administrative code also defined economic gain as relating to products of the tree. Clearly disallows leased hunting

Forest Reserve Law

- Two contiguous acres and not less than 66 feet wide
- Not less than 200 trees per acre
- No cattle, mules, sheep, goats or hogs are permitted on forest reservations

- Not more than 1/5 of the total number of trees in the forest reservation may be removed in a single year
- If buildings are present, one acre is excluded from tax exemption

Oversight

- The county conservation board or the assessor’s office to determine if it is still maintained as a forest or fruit tree reservation may inspect the reservation.
- If the area is not maintained or is used for economic gain other than a forest reservation for any of the exemption years and any of the five years following the exemption year, the assessor shall assess the property for taxation.
- Taxation will be at its fair market value as of January 1st of that year. In addition, the area shall be subject to a recapture tax for those years up to 5 years. The area shall not be subject to recapture tax if the owners have owned the area for more than 10 years.
- DNR Compiles a listing of county reports each June 15th

Forest Reserve 2000-2005

- Graph showing the number of acres enrolled in the Forest Reserve from 2000 to 2005.
Forest Reserve County totals are not equally spread out across the state statewide average of 6,262 acres

**Top 5 counties 2005**
- Clayton 50,929 acres
- Allamakee 34,559 acres
- Winneshiek 23,970 acres
- Lee 21,370 acres
- Van Buren 21,084 acres

**Bottom 5 counties 2005**
- Sioux 18.81 acres
- Osceola 40.93 acres
- Lyon 49.20 acres
- Calhoun 97.94 acres
- Pocahontas 152.90 acres

Iowa Forest Reserve Trends

- Gained 103,948 acres in the Forest Reserve from 2000 to 2005.
- Gained 8,542 parcels in the Forest Reserve from 2000 to 2005.
- Average acres per parcel decreased from 15.25 acres/parcel in 2000 to 14.63 acres/parcel in 2005.

Land Classification Forest Reserve Program 2003

- 592,000 acres of the forest reserve in 2003
  - 94% classified as Agricultural Lands
  - 4% classified as Residential Lands
  - 1.8% classified as Commercial Lands
  - .2% classified as Industrial Lands

Costs for the Forest Reserve Program

- From 2003 data the 592,000 acres is valued at $190 million.
- Based upon a average $7/acre tax value estimated property tax loss due to forest reserve state wide is $4.1 million.
- Property tax loss for forest reserve ranges from $341,000 for Clayton County to $84.63 for Sioux County
- Average property tax loss due to forest reserve in an typical Iowa county is $41,900

Forest Reserve Study

- With funds from the U.S. Forest Service a Forest Reserve Program Study was completed by UNI it found:
  - 85% of landowners live within 25 miles of their forest reserve
  - Only 2.8% live out of state
  - 70% allow public hunting and access with permission on their forest reserve

Study Findings Continued

- 70% of forest reserve owners have more than 10 acres
- Only 22% have a written management plan
- 55% say they will do forest stand improvement or tree planting in the next 5 years
- DNR Foresters were the primary source for forestry information
- 32% are Farm Bureau members
- 77% are between the age of 46 & 75
Financial Returns from the Forest Reserve Program

- According to a Journal of Forest Economics article, it was determined that the typical hardwood forest in Wisconsin provides $49.42 to $59.30/acre per year.
- Based upon the 2003 Forest Reserve acres of 592,006, the non-timber values would be worth approximately $32,181,120/year.
- This equates to a benefit cost ratio of 8.1 to 1.
- If we had to lease forest reserve acres via a CRP rental payment of $105/acre per year, the cost would be $61,635,000/yr.

Benefits of the Forest Reserve

- Habitat for 300 game and non-game species of wildlife that depend upon forests for all or part of their life (deer, turkey, etc.), plus the economic activity for rural communities that cater to hunters and fishermen each year - over $1.1 billion in 1999.
- Watershed protection for Iowa's stream and rivers, reducing sediment - Iowa's number one water pollutant, since 50% of Iowa's forests are on slopes greater than 10% and the other 50% are right along floodplain areas.
- Economic development in terms of the timber that is harvested, in 2003 that involved over $200 million paid to landowners, and over $75 million in economic activity in harvesting and processing the timber into wood that employs 22,000 Iowans.
- Air quality enhancement as the standing and living trees absorb carbon and other pollutants.
- Outdoor recreation for property owners, neighbors, and visitors to our state, as Fall color viewing in NE Iowa alone brought in over $5.9 million in 1994 to local economies.

Iowa Forest Reserve Working Team

- Assessors; IA Farm Bureau; Iowa Woodland Owners and Tree Farmers; ISU Extension Forestry, IA Society of American Foresters and DNR Forestry
  - Determination if the forest reserve is still needed
  - What problems exist
  - Determine solutions

Forest Reserve Issues

- All believe that forest reserve is still needed today - but how can it be improved to address:
  - Loop holes that allow developers and speculators to avoid paying taxes with no intention of establishing a forest,
  - Encouraging private forestland owners to hold on to and pass their forest lands to heirs without being force to change land use,
  - Minimizing impact on local county tax base,
  - Encouraging expanded forestry on private forests, and
  - Addressing issues of public hunting access.
Sub Committee Recommendations

- That a cap or credit of $5,000/acre on the assessed property value on forest reserve lands in Chapter 427C.1.
  - It was felt that by establishing a cap of $5,000/acre on the assessed value, this would cover 99% of the qualifying and intended forest reserve properties and
  - allow a $5,000 assessed value credit on commercial or industrial lands that qualify as forest reserve.

Sub Committee Recommendations

Encouraging Expanded Forest Management on new Forest Reserve applications and Forest Reserve lands changing ownership:

- After much discussion, rather than requiring a written forest management plan and necessary administration and expense to enroll in the forest reserve,
- it was recommended by the sub committee that landowners at the time of enrollment or when the forest reserve changes ownership should be encouraged by the assessor’s office to contact the Iowa Department of Natural Resources District Forester to develop a forest management plan.

Sub Committee Recommendations

Recommendations of the sub committee was to establish a 1% levy on all Forest Reserve lands to offset property tax loss for police, fire and other county services but continue to be an incentive to maintain a forest reservation.

- Depending on location and property classification, tax would be anywhere from $.50 per acre to $7/acre — with a statewide average of between $1-$2/acre.

Sub Committee Recommendations

How to deal with Leased Hunting on Forest Reserve:

- The group believes that leased hunting should not be allowed on a forest reserve and landowners are encouraged to open their lands for public hunting with landowner permission. The group recommends that 427C.10 be reworded to read:
  - Leased hunting of game animals is not permitted on a forest reserve.

Initial Reactions to Recommendations

- Iowa Farm Bureau is not considering Forest Reserve a key issue for 2006 legislative session and did not include it in their membership survey.
- Landowners and foresters have mixed feelings -- some believe we should keep the law as is and others minor changes
- Keep it simple
- Some landowners do not want to pay any additional taxes
- Few see the big picture of keeping the forest reserve for another 100 years

CLOSING

- POLICY IS EVER CHANGING!
- POLICY IS A GUIDELINE
- THE MISSION IS TO MAKE A DIFFERENCE ON THE GROUND TODAY AND TOMORROW IN A SUSTAINABLE WAY