

Illinois Forestry Development Act of 1983 and the IDNR Free Seedling Program

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Abstract: Information on one of the most important acts affecting forestry in Illinois in recent years, the Illinois Forestry Development Act of 1983 (FDA) is presented. How this act relates to and affects the state seedling program and the events that make the program what it is today are also discussed.

Keywords: tax incentives, forest management plans, cost sharing

Introduction

In the early 1980s, sectors of the Illinois forest community were concerned about the direction of federal forestry programs, such as the Agricultural Conservation Program (ACP) and Forestry Incentives Program (FIP). As a result, the IDO Division of Forestry, University of Illinois, and Southern Illinois University hosted the first and only Forestry Summit in Springfield in 1982. As a result of that meeting, 2 important events occurred:

1. The chairmen of the 2 Illinois forestry schools, along with a state senator and a state representative, drafted the Illinois Forestry Development Act (FDA). It was passed into law in September 1983.

2. An 11-agency forestry agreement was signed to promote and implement conservation and forestry related resources in a more unified approach. This action formalized the intent of the Illinois Forestry Development Act.

Now a few facts about the Illinois Forestry Development Act.

Illinois Forestry Council

Due to the success of the forestry conference and the movement for an 11-agency forestry agreement, the act created a legislatively mandated council. The Council currently consists of 24 members: 4 members of the general assembly; the directors of the Department of Natural Resources (DNR), the Department of Agriculture (DOA), and the Department of Commerce and Community Affairs (DCCA); the Illinois Farm Development Authority; the Lieutenant Governor of the Rural Affairs Council; the Illinois Governor's Office; Illinois Association of Soil and Water Conservation District; 2 private landowners; 2 industrial forest landowners; an urban interest; the Illinois Arborist Association; an environmentalist; 2 members of the wood industry; the forestry departments of both Southern Illinois University and the University of Illinois; USDA Natural Resources Conservation Service; and the Shawnee National Forest. The Council also has 3 standing committees on stewardship and education, urban forestry, and rural development. Additional concerned citizens serve on these committees.

The Council is charged to study and evaluate the forest resources and forest industry in Illinois. It determines the uses, benefits, and services these resources provide, including opportunities relating to forest industry, as well as staff and funding needs for the forestry programs, education programs, soil and water conservation, and wildlife habitat improvements. The Council continues to provide a comprehensive framework to maintain and enhance the forest resources and encourage cooperation among all concerns. The Council also serves as the department's stewardship advisory committee, Forest Legacy subcommittee, Forest Land Enhancement Program Committee, and the Urban Forestry Advisory Committee. In addition, the last 2 Statewide Forest Plans were prepared by the Council.

Forestry Education

The act amended the Illinois Cooperative Extension Act regarding forestry education.

Loans

The act amended the Illinois Farm Development Authority to provide low-cost loans to the forest industry.

Harvest Fees

The act amended the Illinois Timber Buyer Licensing Act to require timber buyers to collect and pay the DNR a 4% harvest fee (some will call it a stump tax) on all timber purchased in Illinois. The 4% harvest fee can be used for 2 purposes: 1) to support the Council activities; and 2) to fund the Illinois Forestry Development Cost Share Program.

Forest Management Plans

The Act requires landowners who would like to participate in the FDA programs to have an approved Forest Management Plan. Participation is voluntary, but must include the growing of timber products as one of the primary management goals.

Tax Incentives

The act amended the Farmland Real Estate Assessment Tax Act. In Illinois, agricultural land is assessed based on soil productivity to produce a crop. Pasture land is assessed at a rate based on one-third of the crop land productivity and other land is assessed at one-sixth of crop land productivity. Forest land usually falls in the "other" category. However, in parts of the state, if ownership includes forest land only, it could be taxed as an estate/residential classification at a much higher rate. In those counties, forest land needed to be a part of a working, crop-producing farm to get a reasonable rate. The Forestry Development Act requires forest land under an approved Forest Management Plan to be guaranteed the one-sixth rule. Today in some counties, you must have a forest management plan on your forest land to be considered for the tax break. This rule can reduce your taxes to approximately US \$1.00/ac. The tax assessment is based on the county in which the property is located.

Cost Sharing

The Forestry Development Act created the Forest Development Cost Share Program. To participate in this program, a landowner must have at a minimum of 5 ac of forest land and an approved forest management plan. This program can be used separately or in conjunction with Federal programs. It is a 75% cost share program covering such traditional items as tree planting, purchases of seedlings from a private nursery, site preparation, fencing, forest stand improvement, and so on. This cost sharing program operates very much like the old Stewardship Program, FIP, ACP, or the new Forest Land Enhancement Program (FLEP). If the state FDA Cost Share Program is combined with a federal program, the federal program pays the landowner first and the state pays second. When the Conservation Reserve Program (CRP) started, the federal program paid 50% and the state FDA program paid 50%. The landowner cost was

zero. That has changed a bit; the landowner now pays about a quarter of it. This gives the landowners some ownership in the practices on their land.

As a result of the FDA Program, there are currently 7,885 forest management plans that have been approved. These plans guide landowners on program use and care of 384,766 ac (155,710 ha) of forest land. Illinois has provided more than US \$11 million in cost sharing in the last 19 years.

Illinois Seedling Program

The Illinois DNR operates 2 nurseries for the production of bareroot plant materials for use by Illinois landowners and state agencies. These plant materials are to be used only for conservation purposes to meet conservation objectives such as reforestation, soil and wind erosion control, wildlife habitat improvement, natural community restoration (that is, prairie restoration), energy conservation, research, and education programs such as Arbor Day. These purposes are probably much like those of most state nurseries.

In the past, the Division of Wildlife and the Natural Heritage Program would give seedlings to landowners for wildlife habitats. At that time, the Forestry Division received a few US Fish and Wildlife funds for operations. Under that program, 2 problems were created: 1) both the Departments of Wildlife and Forestry provided seedlings at or below cost; 2) in most cases, the Department of Wildlife had no plans for the planting of seedlings and did not follow through to ensure proper care and planting. Therefore, a large number of seedlings were never outplanted and had to be destroyed.

With the passage of the FDA programs and the implementation of the Cost Share Program, it did not make a great deal of sense to use state cost share dollars to reimburse the landowners for purchasing state seedlings from the state nurseries. As a result, the no-cost seedling program started. This action enabled the FDA cost share dollars to be extended further and encouraged more landowners to manage their land. Therefore, if the landowner had an approved forest management plan which included cost share for tree planting, the landowner would get free seedlings if available and be reimbursed at 75% of the cost for tree planting up to a maximum per acre.

Conflict Between the State Nursery Program and the Nursery Association

Like most states, there has always been a conflict between the state nursery program and the local nursery association; in our case, that would be the Illinois Nursery Association (INA). The INA, representing about one-fourth of the state's commercial growers (including several out-of-state businesses), contends that a state agency should not be operating a tax-subsidized business in competition with private industry. The INA contends that, in doing so, IDNR is depriving the Illinois nursery industry from entry into the bareroot seedling market. However, commercial nursery production in Illinois is primarily large ball and burlap or containerized stock rather than bareroot seedlings.

There was a demonstrated yearly demand for 500,000 Scotch pine seedlings, as well as another 250,000 seedlings

of other conifer species for the Christmas tree market. Because of these concerns about competition, the IDNR stopped producing Scotch pine seedlings in 1981. However, this production was not pursued by the Illinois commercial nurseries. In another case, the DNR refused to bid on the production of plant materials for the Shawnee National Forest, with yearly sales of more than 500,000 seedlings. Again, these contracts were not pursued by any Illinois nurseries. In 1983, to eliminate any possible competition, DNR started growing only native species utilizing Illinois seed sources and many non-native species were discontinued.

Experiences With Private Nursery Contracting

Landowners always have the option of purchasing their own seedlings from any approved source. Further discussion with the INA led to the development of a contract to purchase plant material from private nurseries. INA input had much to do with the contents of the final proposed contract. The Department sought bids for the contract growing of all plant materials in 1988. From a list of 34 prospective vendors, only 6 bids were received. Two out-of-state bids were rejected for failure to comply with state law, and 1 bid was accepted. The accepted bidder later backed out of the contract. Even if the Department could have accepted the remaining bids, only 27.9% of the 11 million seedlings and plant materials would have been supplied.

In spring 1989, the Department issued another seedling contract to private nurseries. This resulted in 1 successful out-of-state contractor that produced 77,000 gray dogwoods. However, the contractor failed to meet the specifications and packaging requirements of the contract. Eventually, increasing operating costs in the Department and lack of

suitable bids resulted in the absorption of the funds for contracting into the Department's operating budget.

New Legislation for Illinois State Nursery

In 1987, legislation amending the state nursery act was passed, which the INA supported, to allow plant materials to be provided at no cost to landowners with an approved management plan. It also required that IDNR must sell the plant material at cost. With the need to have an approved management plan to obtain seedlings, the Department has control over the use of the plant materials and has eliminated the abuse of the system that occurred prior to 1987. Sales are no longer distributed on a first-come, first-served basis. All management plans are approved by a District Forester, Private Land Biologist, or Natural Heritage Biologist. The federal and state cost share programs will reimburse the landowners for part of their cost to purchase seedlings. I believe it works out to be about 93% of the cost if the federal and state cost shares involved reach the "not to exceed" limit.

Summary

When the Conservation Reserve Enhancement Program (CREP) was started, the Department made the commitment that no state nursery stock would be used; all seedlings needed to be purchased from private nurseries. Due to seedling supply problems from the private sector, the IDNR No Cost Seedling Program was initiated. This program is an incentive that gets the Department in the door with the landowner and leads to the implementation of other conservation practices across the landowner's holdings.