



WISCONSIN LEGISLATURE

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Krug, Testin author bill to assist with the sale of the Verso Mill

Madison – Rep. Scott Krug (R-Rome) and Sen. Patrick Testin (R-Stevens Point) have authored a bill to provide assistance in the purchase of the Verso paper mill in Wisconsin Rapids.

“I think we’ve figured this out,” Rep. Krug announced in unveiling the proposal. “There is already a building. There is equipment, there is expertise, and there is a proven need for product. There is everything needed except for a portion of the money, and this bill would close that gap.”

The Verso mill was the largest employer in Wisconsin Rapids until June 2020 when the mill was closed. Its owner, Verso Corporation, is an Ohio-based corporation; their decision to close the mill was due to paper industry trends that were greatly accelerated and exacerbated by the Covid-19 pandemic. The Verso mill employed 905 people with professional, family-supporting jobs in Wisconsin Rapids, a community of just 18,000 people.

The mill was the final destination for about one-quarter of all the pulpwood cut in Wisconsin. This means that the effects of the mill closure extend far beyond the 900 jobs in Wood County; without the mill serving as a reliable buyer of softwood, hundreds of small timber cutters have struggled to find buyers for soft/pulpwood.

Loggers have become less willing to cut wood they cannot sell and this affects thousands of landowners participating in the Managed Forest Law (MFL) program. If these landowners are unable to follow the management plans they have filed with DNR (plans that include scheduled cutting of timber) their participation in the program is at risk. This could mean that landowners would have to pay back the property tax savings they had received from their participation in MFL. <https://dnr.wisconsin.gov/topic/forestlandowners/mfl>

Further, if the schedule of soft/pulpwood timber cutting in Wisconsin is impaired due to a lack of market for the wood, consequences will result for Wisconsin’s tourism industry as well as for the state of fire safety in Wisconsin’s forests if our forests are not healthy.

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The Verso mill is for sale. The Great Lakes Timber Professionals Association (GLTPA) has been working with the University of Wisconsin to form a cooperative entity which would purchase the mill and return it to operation as a soft/pulpwood plant. The Timber Professionals Cooperative (TPC) has now been incorporated and is making significant progress on obtaining the necessary funding and other arrangements with Verso to purchase and operate the mill.

Purchase of the mill by the cooperative would mean that an employee-owned mill with experience and expertise behind it, would again be making paper and employing people in Wisconsin Rapids. The mill would be owned by its own workers and would operate in the best interests of employees and customers. (There would be some opportunity for investors to join the purchase and such investors would also hold some share of the ownership as well.)

The bill proposed by Rep. Krug and Sen. Testin would provide loaned funds to partially close the gap between the price of the mill and the funds that the cooperative has been able to raise, by allocating \$50 million from federal pandemic stimulus/relief funds (the American Rescue Plan Act of 2021) to the purchase of the mill. The Wisconsin Economic Development Corporation (WEDC) would be the entity making the loan.

- The allocation would be a loan, not a gift. The mill is expected by all observers to be back in operation in fairly short order once a sale is agreed to; the purchasers (and other industry observers) are fully confident that the operation will be profitable and will continue for the foreseeable future as a pulpwood operation.
- The bill requires that before the cooperative receive a loan of stimulus funds through WEDC, the cooperative would have to obtain significant funds from other sources.
- The plan also requires participation by the State of Wisconsin Board of Commissioners of Public Lands (BCPL). Because BCPL land holdings are mostly in timber, BCPL is greatly concerned about the loss of the mill as a market for soft/pulpwood. BCPL has indicated that it is able to consider a loan toward the purchase of the Verso mill.
- The bill would require funding from BCPL as well as from private sources, before the loan could be made by WEDC from stimulus funds.

“We have an opportunity to maintain and revitalize a major Wisconsin employer whose work advances the paper industry, the timber industry and our forest resources, and helps maintain the tourism role of managed woodlands in our state. The benefits to the Wisconsin Rapids community are significant, but frankly those benefits PALE in comparison to what’s at stake statewide,” said Senator Testin in discussing the bill.

Krug and Testin are seeking legislative co-sponsors for the proposal, which they will introduce in May. They hope for early action on the bill once it is introduced.

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