

# STATE BOARD OF LAND COMMISSIONERS

August 20, 2024  
Department Report

## Subject

Land Revenue Forecast

## Background

Each year, the Department provides a revenue forecast showing a predicted range of revenue by endowment for the next four fiscal years based on expected levels of operations, prices of existing timber sales under contract, and expected changes in lease revenues and agency expenditures. The four-year net income forecast table is provided as Attachment 1.

An income range is shown for each endowment primarily due to variability in timber markets and the duration of timber sale contracts. Most leasing returns are relatively stable from year to year; however, leasing revenue has declined in recent years due to the sale of residential and commercial real estate.

## Discussion

The Department's gross land management revenue for FY2024 was \$89.97 million, approximately \$9.0 million more than FY2023 and \$9.8 million more than the 10-year average. Gross revenue forecasts compared to actual returns are provided as Attachment 2.

The Department's net land management income was over \$59.1 million in FY2024, approximately \$6.3 million more than FY2023 and \$7.1 million above than the 10-year average. Net income forecasts compared to actual returns are provided as Attachment 3.

The timberland asset class accounted for approximately 92.1% of the total gross land management revenue and about 95.2% of the total net income from land management in FY2024. Monte Carlo data analysis was used to update the timber revenue based on past ten-year stumpage price volatility and harvest levels approaching the current sale plan volume levels of 328 MMBF. Adjustments were made to leasing revenue based on dispositions, new leases that have been executed, and updated appraisal values affecting residential lease rates.

## Attachments

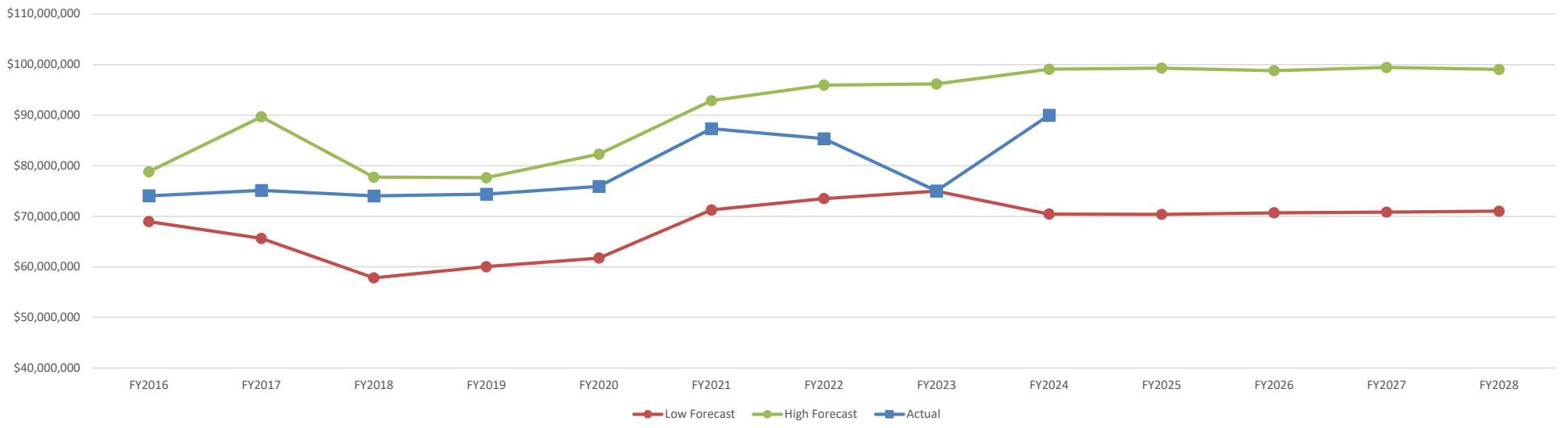
1. Four-Year Net Income Forecast Table (by Endowment)
2. Gross Revenue: Past and Four-Year Forecast Graph
3. Net Income: Past and Four-Year Forecast Graph

### Four-Year Net Income Forecast

Fiscal Year	Net Income	Public School	Ag College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol*	Total
2025	Low	\$ 32,404,571	\$ 665,075	\$ 2,761,089	\$ 1,969,040	\$ 1,186,020	\$ 2,781,157	\$ 1,409,632	\$ 1,863,389	\$ (132,681)	\$ 44,907,291
	High	\$ 53,208,714	\$ 1,092,061	\$ 4,533,742	\$ 3,233,189	\$ 1,947,460	\$ 4,566,694	\$ 2,314,633	\$ 3,059,709	\$ (81,590)	\$ 73,874,611
2026	Low	\$ 32,462,763	\$ 666,269	\$ 2,766,047	\$ 1,972,576	\$ 1,188,150	\$ 2,786,151	\$ 1,412,163	\$ 1,866,736	\$ (134,008)	\$ 44,986,847
	High	\$ 52,680,664	\$ 1,081,223	\$ 4,488,749	\$ 3,201,103	\$ 1,928,133	\$ 4,521,374	\$ 2,291,662	\$ 3,029,344	\$ (82,406)	\$ 73,139,845
2027	Low	\$ 32,403,685	\$ 665,056	\$ 2,761,013	\$ 1,968,987	\$ 1,185,988	\$ 2,781,081	\$ 1,409,593	\$ 1,863,338	\$ (135,348)	\$ 44,903,393
	High	\$ 52,980,229	\$ 1,087,371	\$ 4,514,274	\$ 3,219,305	\$ 1,939,097	\$ 4,547,084	\$ 2,304,694	\$ 3,046,570	\$ (83,230)	\$ 73,555,394
2028	Low	\$ 32,376,221	\$ 664,493	\$ 2,758,673	\$ 1,967,318	\$ 1,184,982	\$ 2,778,723	\$ 1,408,399	\$ 1,861,759	\$ (136,702)	\$ 44,863,866
	High	\$ 52,534,916	\$ 1,078,232	\$ 4,476,330	\$ 3,192,246	\$ 1,939,097	\$ 4,508,865	\$ 2,285,322	\$ 3,020,963	\$ (84,062)	\$ 72,951,908

\*Capitol revenue accrues to the permanent fund rather than the reserve.

Gross Income: Past and Four-Year Forecast



Net Income: Past and Four-Year Forecast

