STATE BOARD OF LAND COMMISSIONERS

August 18, 2026
Director's Update

Subject

Land Revenue Forecast

Background

Every 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.

The Land Board has adopted commercial and energy leasing policies to allow for diversification of income beyond the traditional natural resource based timber sales and agricultural leasing program. Several leases in the commercial energy sector have been executed and are in exploratory phases. Additionally, multiple commercial leases are in negotiations in preparation for Land Board approval to advertise in the near future. The combination of these two programs provide the greatest potential for increasing revenue generation for the department moving forward under current guidance.

The timber sale program remains the primary revenue generating source and now that it has been operating at full implementation of 330 MMBF annually for a couple years, we are seeing the impact of increased early stand silvicultural investments, as well as, industry-wide increased costs to operate due to highly fluctuating fuel prices, inconsistent lumber markets, and high inflation across the broader economy.

Discussion

The Department's gross land management revenue for FY2026 was $89.99 million, approximately $1.78 million less than FY2025 and $ 1.60 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 $55.38 million in FY2026, approximately $7.24 million less than FY2025 and $0.70 million above the 10-year average. Net income forecasts compared to actual returns are provided as Attachment 3.

The timberland asset class accounted for approximately 90.02% of the total gross land management revenue and about 92.84% of the total net income from land management in FY2026. Monte Carlo data analysis was used to update the timber revenue based on past ten-year stumpage price volatility and harvest receipts were down $3.64 million (still at 99% of the three-year average) due to a warm, wet winter that limited harvest timing. Harvest levels for FY26 were at 88% of the three-year average with 282 MMBF hauled compared to 315 MMBF hauled in FY25.

Mineral leasing premiums replaced approximately $1.7 million in revenue and all leasing programs brought in approximately $10.7 million across all asset types. This is the first time leasing revenue has been over $10 million since 2017. Leasing revenue is likely to achieve and exceed this level consistently over the next three to five years, but this year's higher income was due to competitive auctions and the one-time premium bid versus the rental rates expected in the coming years.

Upper and lower revenue projections have stayed relatively stable due to increased activities and costs planned and budgeted for back in FY24 and increases in revenue from the leasing program. The Department will continue to push to increase leasing income to over 25% of the gross and net totals and further refine our sustainable timber management programs.

Attachments

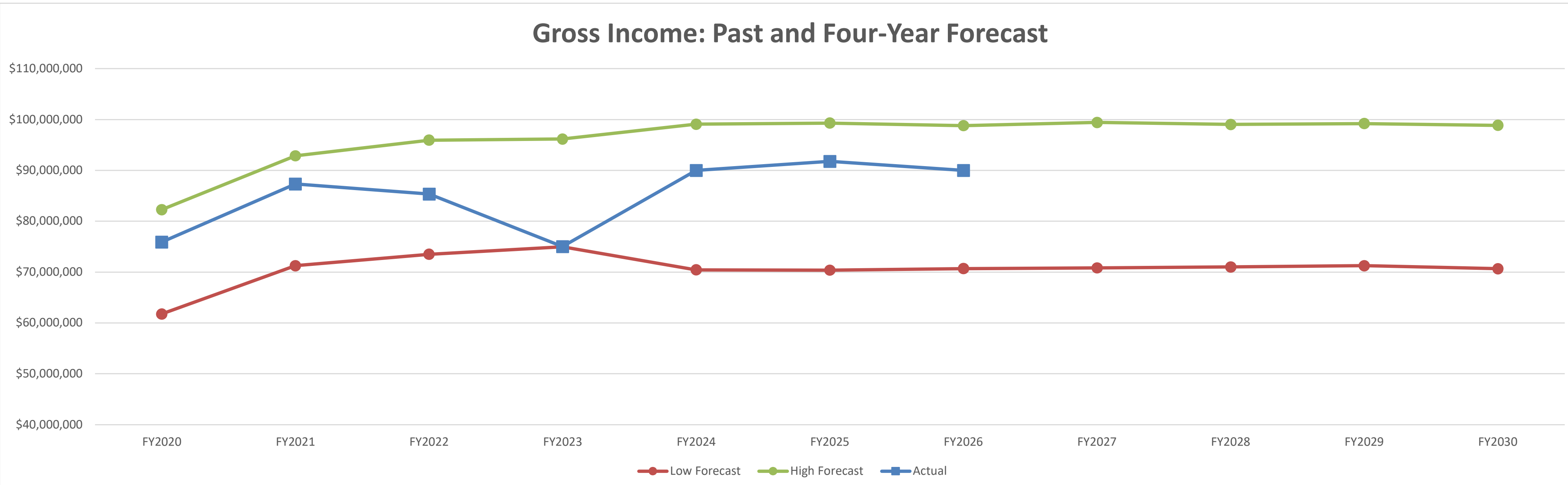
1. Four-Year Net Income Forecast Table (by Endowment)
2. Gross Revenue: Past and Four-Year Forecast Graph
3. Net Income: Past and Four-Year Forecast Graph

Four-Year Net Income Forecast

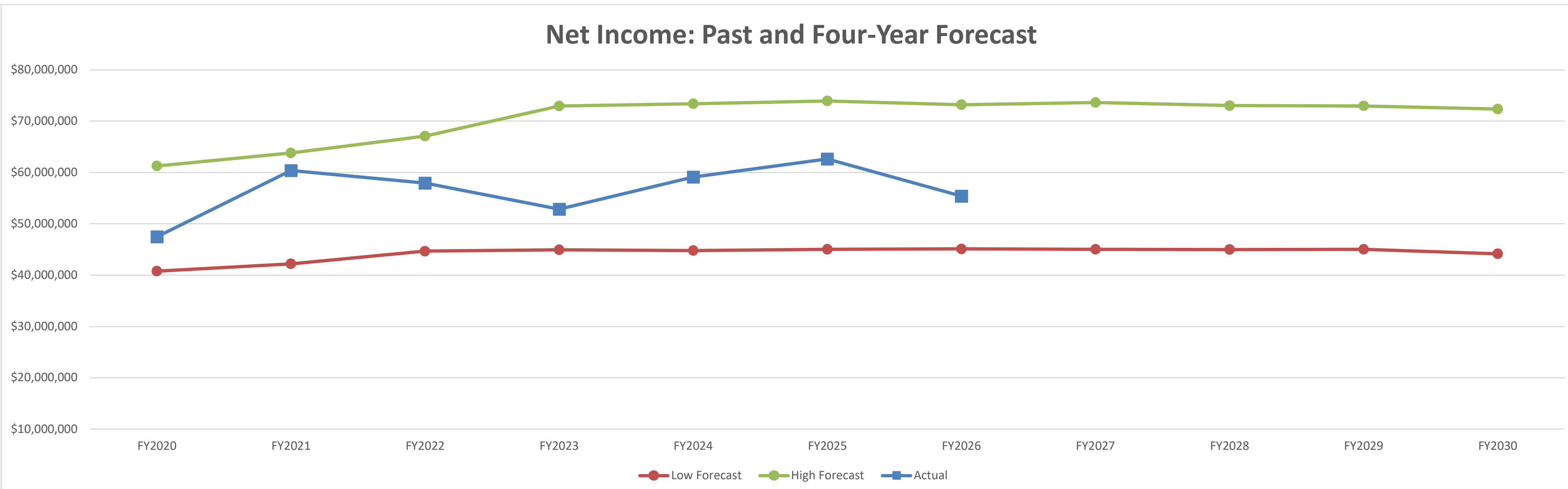
Fiscal Year	Net Income	Public School	Ag College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol*	Total
2027	**Low**	$ 32,403,685	$ 665,056	$ 2,761,013	$ 1,968,987	$ 1,185,988	$ 2,781,081	$ 1,409,593	$ 1,863,338	$ -	**$ 45,038,741**
	High	$ 52,980,229	$ 1,087,371	$ 4,514,274	$ 3,219,305	$ 1,939,097	$ 4,547,084	$ 2,304,694	$ 3,046,570	$ -	**$ 73,638,624**
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	$ -	**$ 45,000,568**
	High	$ 52,534,916	$ 1,078,232	$ 4,476,330	$ 3,192,246	$ 1,922,799	$ 4,508,865	$ 2,285,322	$ 3,020,963	$ -	**$ 73,019,672**
2029	**Low**	$ 32,395,025	$ 664,879	$ 2,760,275	$ 1,968,460	$ 1,185,671	$ 2,780,337	$ 1,409,216	$ 1,862,840	$ -	**$ 45,026,703**
	High	$ 52,506,211	$ 1,077,642.70	$ 4,473,884	$ 3,190,502.04	$ 1,921,748	$ 4,506,401	$ 2,284,074	$ 3,019,312	$ -	**$ 72,979,774**
2030	**Low**	$ 31,778,971	$ 652,235	$ 2,707,783	$ 1,931,026	$ 1,163,123	$ 2,727,464	$ 1,382,418	$ 1,827,415	$ -	**$ 44,170,434**
	High	$ 52,062,462	$ 1,068,535	$ 4,436,074	$ 3,163,538	$ 1,905,507	$ 4,468,316	$ 2,264,770	$ 2,993,795	$ -	**$ 72,362,996**

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

ATTACHMENT 1



ATTACHMENT 2



ATTACHMENT 3