

Testimony of Matthew Jensen
Before the Subcommittee on Public Lands and Environmental Regulation
Committee on Natural Resources
**Hearing on “*State Forest Management: a Model for Promoting Healthy Forests, Rural Schools*
and Jobs”**
February 26, 2013

Chairman Bishop and distinguished Members of the Subcommittee on Public Lands and Environmental Regulation, my name is Matt Jensen. I am a third generation logger who has worked in forest industry for the past 26 years. To support and grow our small family business I have been educated and trained on sustainable forestry practices incorporating guidelines of Wisconsin’s Best Management Practices. I am a Wisconsin Certified Master Logger and appear before you today representing Whitetail Logging. Whitetail Logging is a full service forest management business, located in Crandon, Wisconsin. Between my father Pete and I, we have over 70 years experience in the forestry and logging business.

I also appear today on behalf of the American Loggers Council, a national organization representing professional timber harvesters in 30 States across the U.S. I am pleased to have the opportunity to address this subcommittee on the differences in efficiencies and scope that exist between County, State and Federal timber sale programs in Wisconsin, particularly as they pertain to contractual and on-the-ground compliance and how those differences impact my business and the businesses the American Loggers Council represents across the U.S..

I would like to share with you an excerpt taken directly from the Wisconsin Department of Natural Resources Timber Sale Handbook:

“Timber sales often involve large sums of public money as well as the ethics of good forest management. Those who are delegated authority to establish, conduct and approve timber sales have a legal and moral responsibility to the public to obtain maximum financial return from forest land and to establish the best forest practices possible.”

And taken from the website of the Wisconsin DNR regarding the timber sale program on state forests:

“Money generated from timber sales does not remain with the state forests, but is put into a general forestry account for the State of Wisconsin. This account supports forest management activities such as fire control, nursery operations, forest health initiatives, and many others.” In 2012 Wisconsin’s State Forests (nearly 527,000 acres) generated over \$6 million to support those activities.

Wisconsin’s County Forest Program is “Unique to the Nation”. Twenty-nine counties in Wisconsin have nearly 2.4 million acres of public forests enrolled under Wisconsin’s County Forest Law (State Statutes §28.10 and 28.11). These county forest lands generated over \$37 million in revenue through sustainable forest management practices in 2012. This revenue serves to directly offset local tax levies enabling counties to provide essential services.

In comparison, during a 2010 visit to Washington D. C., American Loggers Council representatives met with U.S. Forest Service Chief Tidwell in his office. We were told by the Chief “the Forest Service is not in the business to make money.” I completely understand the philosophy behind that statement; the U. S. Forest Service is tasked under the Multiple Use Sustained Yield Act to provide goods and services benefiting the public at the possible expense

of generating a profit. However, what I fail to understand is the apparent lack of realization regarding the generation of revenue for reinvestment in the forest, ensuring the forest itself does not become another economic burden to our economy.

When comparing the aforementioned broad statements from WDNR's Timber Sale Handbook to operating policies of the Federal Timber Sale program, it is apparent Wisconsin's Counties and the State of Wisconsin recognize the economic importance of a viable, sustainable timber sale program whereas the USFS, as an arm of our federal government, displays a lack of concern regarding the provision of a financial return to ensure sustainable management of the public's forests. Wisconsin's Chequamegon-Nicolet National Forest (CNNF) harvests less than 50% of the Allowable Sale Quantity (ASQ) identified in its approved management plan.

The table attached in my written testimony, listed as "Exhibit B" compares the timber sales across the eight county region in Wisconsin to the timber sales generated off of the Chequamegon-Nicolet National Forest. While the counties manage a total of 669 thousand acres compared to the Chequamegon-Nicolet's 1 million five hundred and thirty thousand acres, the counties managed to bring in a nine year annual return per acre of \$12.01 while the CNNF generated a nine year average of \$3.62 per acre.

During the past decade northern Wisconsin businesses, such as, Nicolet Hardwoods, Action Flooring, and North Country Lumber, all located within the borders of CNNF, have been forced to import hardwood logs from Canada to meet market demands while harvests decline on CNNF. This example fully illustrates the federal government's failure to meet original

agreements with local governments to provide a steady, reliable source of raw material from our national forests while protecting and ensuring the sustainability of those forests through proper management.

I need markets to drive competition for the goods and services my company provides. Without certainty the US Forest Service can provide the amount of raw material identified as the ASQ in the approved management plan for the CNNF, investment in new infrastructure and milling capacity is diminished. We need a vibrant federal timber sale program to encourage investment in those businesses and communities that are dependent on national forest lands as a source of supply.

To be a profitable business owner it is necessary for to generate a reasonable rate of return on investment. County and State sales offering a good mix of high quality saw logs along with a pulpwood component, thus meeting existing markets demands, helps make that possible. The harvesting of those products on State and County lands in Wisconsin not only improves forest ecosystem health, but also allows me to keep my production efficient, and products produced at a financially sustainable level providing jobs and economic stability to my area.

As an example of inefficiency I would like to show you samples of timber sale contracts from the WI County, WI State and USFS Federal Timber Sale programs. The size of contracts on federal timber sales alone can act as a deterrent to for receiving competitive bids on a timber sale. Oversight on the federal timber sale program has become an unjustifiable burden where it

takes this type of documentation to award a federal timber sale versus the state contracts and the county contracts.

Of the 193 million acres across the country in the National Forest System, only 46 million acres are designated as having a “timber objective.” The 23% of the NFS lands open to active management have been subject to a continuous and very high level of scrutiny by environmental advocacy groups. Timber harvests from federal lands have declined by more than 80% over the last two decades. These declines have devastated rural communities where sawmills and paper mills provided some of the only stable, year-round employment. Many mills, large and small, have been forced to close their doors resulting in the loss of thousands of family jobs, coupled with tens of thousands of indirect jobs lost, including an estimated 30% reduction in logging businesses. Directly related to the lack of timber management is the rising cost of fire suppression. Currently the USFS spends over \$2 billion annually on wildfire control which is over 50% of the Forest Service budget.

Regulatory burden placed on the USFS from environmental laws have resulted in passive management on a grand scale, which has numerous negative impacts on forests and local economies.

A trust management approach on USFS lands designated for timber production would focus on the small portion of the National Forest System which, according to approved management plans, should be producing timber. Agency resources, currently wasted by over-analyzing even modest timber sales or hazardous fuels projects, could be freed up to offer economically viable timber sales or fund restoration work if lands were managed on a trust basis. This would more closely mirror models used in both Wisconsin’s State and County forest management programs.

On federal forest acres designated for timber production, concrete management requirements could help spur investment in wood using industries and land management capacity. Existing mills would receive some assurance that the National Forests they depend on will produce reliable supplies of timber into the future. This could in turn stimulate economic development beyond a seasonal fire suppression industry which currently appears to overshadow all other investments in the forest products industry.

The American public would no longer be forced to bankroll a litigation driven analysis machine, but instead could spend the few federal dollars available to actually improve the condition of the National Forest System. The current system is unsustainable socially, economically, and ecologically. Piecemeal reforms hold little promise for rural communities that are dependent on federal timber supply.

As a final note, there was a bill introduced last year in the House and Senate entitled the Silviculture Regulatory Consistency Act, HR 2541/S 1369. The bill seeks to codify a 35 year exemption for silvicultural operations from the National Pollution Discharge Elimination System (NPDES) permitting process allowed by the EPA, following a Ninth Circuit Court decision which denied those exemptions. I can think of no other regulatory burden that would have a greater negative impact on our industry if the Ninth Circuit's decision is left to stand. The delays in obtaining those permits alone would cost the industry millions of dollars in lost production. Our industry has proven that with the use of both mandatory and voluntary Best Management Practices established by the States and approved by the EPA, water quality issues from

Silvicultural operations are negligible and ~~that~~ implementation of the permitting process would have no net benefit to the environment.

With poor market conditions and loss of infrastructure currently facing our industry, an attempt to further regulate and add additional costs will certainly have negative impacts on our forests operations. We urge members of Congress to reintroduce and pass the Silviculture Regulatory Consistency Act.

Again, thank you for allowing me to provide testimony and comments as you consider efficiencies in the Federal Timber Sale Program. I would be happy to try and answer any questions you might have.

Testimony of Matthew Jensen

Before the Subcommittee on Public Lands and Environmental Regulation

Committee on Natural Resources

**Hearing on “*State Forest Management: a Model for Promoting Healthy Forests, Rural Schools
and Jobs*”**

February 26, 2013

Exhibit “A”

**A report generated by the Washington Contract Loggers Association Comparing the Federal
Timber Sale Program to the State Timber Sale Program in Washington State**

The Washington State Department of Natural Resources manages approximately 2.1 million acres of forested state trust lands. These DNR managed lands raise millions of dollars each year to fund the construction of public schools, colleges, universities, and other government institutions, as well as county and state services. Trust forests are managed sustainably and yield high per-board-foot prices.

From 2000 to 2010 the DNR sold an average of 566.1 million board feet of timber per year. This produced average annual revenue of \$168.6 million. The average selling price per thousand board feet was \$308.

In contrast, in 2010, 129.2 million board feet was sold from the 9.3 million acres of USFS land in Washington. This generated revenue of \$650,947 or about \$5 per thousand board feet.

When it comes to salvage operations, Washington State DNR reacts quickly in order to pursue recovery of value, ensure resource protection and re-establish a healthy working forest.

In September and October of 2012, the Table Mountain Complex fire burned thousands of acres in central Washington. Once it was safe to enter the area, DNR had staff out on the ground planning timber sales to salvage timber burned during the fire. In December 2012, the DNR put up the first of two sales that will remove fire damaged timber in this area, and 8.305 million board feet of timber was sold. The second auction is planned for the spring of 2013, and will include any salvageable material that is not removed as part of the December sale. It is anticipated that all material will be removed no later than July 31, 2013.

As of the fall of 2012, the USFS was still studying if any salvage timber sales would be put in the fire area.

In December of 2007, hurricane force winds struck the coast of Washington State and significantly damaged forest lands. Immediately after the storm, DNR began assessing damage from the wind storm on state trust lands. At the time, DNR estimated blow-down timber from state trust lands to total approximately 100 million board feet. By June of 2009, DNR had sold approximately 113 million board feet of blow-down timber. DNR knew that the timber had to be sold quickly to maintain marketability and maximize value.

Testimony of Matthew Jensen

Before the Subcommittee on Public Lands and Environmental Regulation

Committee on Natural Resources

Hearing on “State Forest Management: a Model for Promoting Healthy Forests, Rural Schools
and Jobs”

February 26, 2013

Exhibit “B”

County Timber Sale Revenues vs. Federal Timber Sale Revenues - Wisconsin

County	Acreage	2004 \$	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	9 year average \$	9 year total \$	Annual \$ return per acre	Annual \$ return per acre
Florence	36,300	670,498	361,187	752,641	711,513	1,135,548	659,864	1,031,163	1,000,070	898,427	802,323	8,023,234		22.10
Forest	10,848	135,980	86,175	146,163	306,209	156,668	249,743	166,467	218,286	100,491	180,156	1,566,182	16.61	
	11,098										166,467		15.00	
	11,612										159,389		13.73	
Langlade	128,000	1,724,378	1,849,569	2,180,420	1,635,309	2,176,350	1,472,840	2,106,946	1,800,175	2,354,878	1,922,318	19,223,183		15.02
Lincoln	100,845	1,270,587	1,068,337	1,486,394	1,320,785	1,692,287	1,240,128	1,358,954	1,582,243	1,414,036	1,381,528	13,815,279		13.70
Marinette	230,905	1,982,794	2,933,775	2,287,412	1,793,798	2,589,603	2,304,162	2,080,096	2,537,184	2,781,992	2,365,646	23,656,462		10.25
Oconto	43,345	467,070	446,478	353,725	315,352	457,720	289,288	255,662	631,755	369,136	398,465	3,984,651		9.19
Oneida	82,250	543,312	901,809	789,782	1,077,584	818,929	1,088,788	1,377,204	1,249,022	1,068,577	999,695	9,914,702		12.15
Vilas	35,755										432,974	432,974		12.11
Eight County	669,012	6,794,619	7,647,330	7,996,537	7,160,550	9,027,105	7,304,813	8,376,492	9,018,735	8,987,537	8,034,858	72,313,718		12.01
CNNF	1,530,647	5,024,331	8,615,905	6,622,464	5,023,083	3,658,797	4,866,320	5,303,252	4,710,884	6,075,540	5,544,508	55,445,084		3.62

Note: Forest County added acreage during the evaluation period
 Note: Vilas County provided acreage and an annual revenue return for the nine-year period

Testimony of Matthew Jensen

Before the Subcommittee on Public Lands and Environmental Regulation

Committee on Natural Resources

**Hearing on “*State Forest Management: a Model for Promoting Healthy Forests, Rural Schools
and Jobs*”**

February 26, 2013

Exhibit “C”

**10589 S. HIGHWAY 95
P.O. Box 671
Coeur d’Alene, ID 83816-0671**



**PHONE (208) 667-6473
FAX (208)667-2144
E-MAIL: alc@idahologgers.com**

Mr. Daniel J. Dructor
Executive Vice President
American Loggers Council
P.O. Box 966
Hemphill, TX 75948

February 21, 2013

Dear Danny,

Please accept these comments and the accompanying information for your use, should it be helpful, in preparing for testimony to our U.S. Congress on the issue of the effectiveness of state-managed lands vs. federal (Forest Service) land from a business perspective.

First I would like to offer an overall view of the forest land acres of Idaho, who owns them and comparative timber harvest information.

Forests cover 40.5% of Idaho. Most forests are timberlands. Of Idaho’s timberlands, roughly 4.3 % is in private ownership, the State manages 2.6 %, the Bureau of Land Management manages 1.0% and the federal National Forest system manages 22.7%.

Approximately 39 percent of Idaho’s land (20.4 million acres) is within the U.S. National Forest System with more than three-fourths of Idaho’s timber resources on those lands. That does not include the 4 million acres of federal forest lands in the National Wilderness Preservation System.

Between 1947 and 1990 federal lands provided 43 percent of the timber harvested in the state. In 1990 federal harvests began a steep decline as a result of several policies, and since 1990 have provided 20 percent of the timber harvest. In the past ten years, federal lands have provided just 10 percent of the harvest.

It is factually clear that management of timber lands by both private and state entities is far more effective from both a land management view and a revenue-generating view.

The Idaho Department of Lands is charged with management of our state lands and has a long track record of being effective, producing revenue for the state endowments (which by our State Constitution is where proceeds of activities on state lands must go and the biggest of which helps to fund our K-12 public schools) all while managing the state timberlands in a proven sustainable manner.

The Associated Logging Contractors of Idaho represents close to 400 businesses that are logging and log hauling contractors. These businesses are the primary professionals who implement harvest operations on Idaho's timberlands across all ownerships.

Our members have example after example of working with the State of Idaho and the U.S. Forest Service and are able to do side by side comparisons of business practices of the two entities. Time after time, the State of Idaho's Dept. of Lands is much more nimble in its lawful execution of contracts and harvest activities than is the U.S. Forest Service. As an example, the state is able to provide on the ground decisions, within the state's laws, while the U.S. Forest Service has no such flexibility often needing to go to upper level management and taking weeks to come to answers while limited working seasons evaporate. The state is also able to react quicker to natural disasters, such as fire, and economic changes in the wood products markets than is the U.S. Forest Service.

While we value our working relationship with the U.S. Forest Service in Idaho, it is extremely frustrating to watch them hindered by what seem to be bureaucratic obstacles that make it difficult to operate in a fiscally sound manner, let alone for the benefit of the long term health of our forests. Thank you very much for this opportunity to provide our observations in this matter. Please feel free to call upon us if we can provide further information.

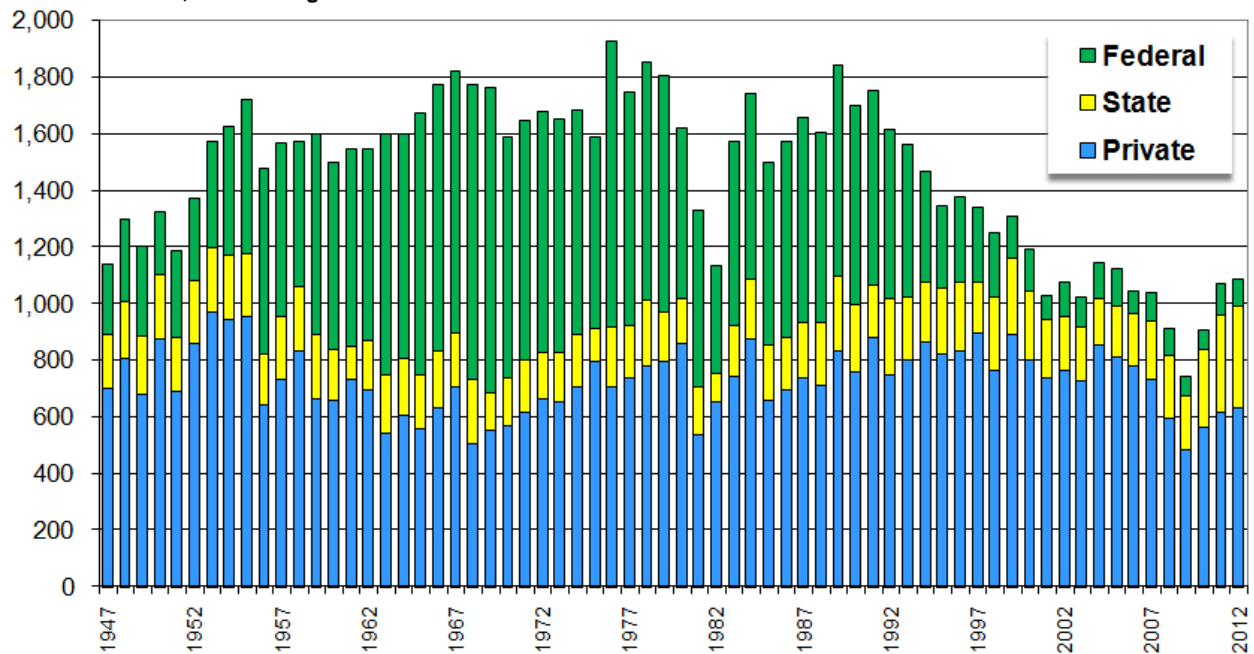
Sincerely,



Shawn Keough
Executive Director

Figure 5
Idaho Timber Harvest by Ownership
1947-2012

Million board feet, Scribner log scale



Sources: Bureau of Business and Economics Research, The University of Montana-Missoula; U.S. Forest Service, Region One, Missoula, Montana.

As **Figure 5** illustrates, between 1947 and 1990 federal lands provided 43 percent of the timber harvested in the state. In 1990 federal harvests began a steep decline as a result of several policies, and since 1990 have provided 20 percent of the timber harvest. In the past ten years, federal lands have provided just 10 percent of the harvest. Approximately 39 percent of Idaho’s land (20.4 million acres) is within the U.S. National Forest System—Oregon ranks a distant second at 25 percent. More than three-fourths of Idaho’s timber resources are on federal lands, a total that does not include 4 million acres of federal forest lands in the National Wilderness Preservation System.

Source: Idaho Forest, Wildlife and Range Experiment Station, Moscow, ID - Station Bulletin 100, January 2013.