



FEDERAL FOREST

RESOURCE COALITION

**Statement of Jim D. Neiman
President & CEO, Neiman Enterprises, Hulett, Wyoming
President, Federal Forest Resource Coalition
Subcommittee on Federal Lands
Committee on Natural Resources
U.S. House of Representatives
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Thank you, Chairman McClintock and Ranking Member Hanabusa. My name is Jim Neiman, and I am President and CEO of Neiman Enterprises. We own and operate four sawmills, one each in Hill City and Spearfish, SD, one in Hulett, WY, and one in Montrose, Colorado. These mills create 475 direct jobs, and help support 250 contractors. Neiman Enterprises is a third generation, family owned company that has done business in the Black Hills and Bear Lodge Mountains since my Grandfather – A.C. Neiman – opened our first mill in Hulett, WY in 1936.

I am also President of the Federal Forest Resource Coalition, representing purchasers of Forest Service timber from 32 States. Collectively, our members employ over 390,000 people, and provide over \$19 billion in payroll. Our members purchase, harvest, transport, and process National Forest and BLM timber into renewable wood, paper, and biomass energy products.

Our company is one of the last wood products companies to survive in the Central Rockies because the Forest Service controls 90 percent or more of the standing timber in the areas we operate in. In the 1990's, the Forest Service deliberately – and drastically – reduced timber sales across the board and in the Rockies in particular. We pride ourselves on have survived downturns – including the depression era when we started and the more recent Great Recession of 2007 to 2009. Many other mills – and many other mill towns – did not survive.

The decision to reduce timber harvests has led directly to the crisis facing much of the National Forest System; over 80 million acres of National Forest land are in need of restoration, primarily due to overstocking after years of reduced harvests. Many of the forests in the Central Rockies, California and other parts of the west are experiencing unprecedented mortality due to a variety of factors, including drought, overstocking, lack of management, and climate change. More than half of the Forest Service annual budget is dedicated to fighting fires, in large part due to the poor health of many National Forests.

The agency is carrying a deferred maintenance backlog of more than \$5 billion. Timber outputs are less than half the amount called for in current forest plans.

Many other eastern National Forests are well behind on their early successional management goals, limiting opportunities for sportsmen, birdwatchers, and other forest users. Forests in Pennsylvania, Michigan, and Louisiana are substantially behind on creation of early successional habitat.

Forest mortality, large scale fires, declining forest health, and a forest management program that doesn't produce needed sawtimber or needed wildlife habitat; this is not a recipe for success. The significant threats building on our National Forests have been recognized by several recent Chiefs and were described as a significant threat by the GAO as early as 1999. In 2014, the Congressional Research Service found that the Forest Service does more complex NEPA documents – and takes longer to do them – than any other Federal agency.

Congress has haltingly moved in the direction of reform over the last decade and a half. Most significantly, the Healthy Forests Restoration Act of 2003, followed by the 2014 Farm Bill, provided streamlined approaches to NEPA for certain projects on the National Forests. Both provided guidance to the Courts on how they should evaluate proposed forest management projects, and guidance to the agency on how to comply with NEPA.

Since the enactment of the 2014 Farm Bill, however, focus has shifted to protracted discussions of how to best fund fire suppression activities. While there is widespread recognition of the fact that our current fire funding model has been broken for years, Congress has yet to enact a long-term, sustainable solution.

FFRC strongly supported the earlier version of the Resilient Federal Forests Act, which passed this chamber in 2015. Unfortunately, our efforts to find a path through the Senate have been unsuccessful. We welcome the new discussion draft as another step on the long journey towards enactment of a combined fire funding and forest management package that addresses the twin crises facing the agency.

Forest Management Reforms:

We strongly support the provisions in the Discussion Draft which provide streamlined authority for a variety of badly needed forest management projects. The authority to conduct Environmental Assessments and Environmental Impact Statement's which evaluate only the proposed action and the no action alternative will greatly reduce the planning timelines needed to get needed projects implemented faster. Likewise, we appreciate the Categorical Exclusions provided by the bill. Our Forest Service partners tell us that using streamlined EA's, they have been able to treat twice as many acres in 30 percent less time than using traditional approaches to NEPA.

We also appreciate the provisions which reduce the need for consultation with the Fish and Wildlife Service, and provide a streamlined approach to consulting with State Historic Preservation Offices. Both of these provisions recognize that the Forest Service has trained professionals who can recognize when projects are unlikely to impact critical resources like sensitive habitats and historic and cultural resources. The provisions here will allow needed projects to go through, while allowing the Fish & Wildlife Service to focus on higher priority recovery efforts.

We appreciate the modest changes proposed for Stewardship Contracting. In addition to those proposed here, we've long advocated that retention of existing wood products infrastructure – including logging capacity and local wood using facilities – should be a co-equal objective for Stewardship Contracting. We understand that there may be some limits on how much change can be made in this bill, and we appreciate the opportunity to discuss the need for such changes.

We are particularly pleased to see a new, pilot arbitration program proposed in Title III. The Forest Service has worked with an administrative objection process since 2011, which became the standard administrative review process for all Forest Service projects in 2014. Experimenting with alternative dispute resolution – particularly one designed to bring parties to the table with pro-active alternatives – is definitely in order. We hope we can work with you to retain these important provisions.

The Discussion Draft also includes provisions which would allow States and other entities to provide support for forest management projects through the establishment of a State Supported Fund. Several States, including South Dakota and Montana, have stepped up with direct financial support for needed management projects on the National Forest System. We believe the fund created by this bill will encourage other partners to provide financial support by allowing the projects to repay receipts in to a State Supported Fund. This will allow success to build on itself.

Good Neighbor Authority, expanded in the 2014 Farm Bill, has experienced exponential growth since, but limits on the use of the program for road repair and reconstruction have hampered its use. We appreciate the provisions in the Discussion Draft and look forward to working with you on them.

Litigation is a serious problem for the Forest Service. Frequently, Forest Plans themselves, although they themselves do not allocate resources or offer real timber sales, are subject to years of litigation.

Individual projects are then also subject to litigation. This can cause significant delays – in some regions, the Forest Service seems to believe that they can “bulletproof” timber sales by engaging in exhaustive NEPA analysis; this frequently just delays the eventual litigation, while dead and dying timber deteriorates.

The litigation reforms in the Discussion Draft would right size litigation so that it isn't an all purpose way for anti-management groups to interact with the Forest Service. Without removing access to the courts for cases against specific projects, the bill limits dilatory litigation against Forest Plans, requires the balancing of harms for litigation against projects, and cuts off the gravy train of government funded settlements and legal fees. We believe these are reasonable and prudent steps, given the large impact of litigation against the Forest Service.

On balance, we are strongly supportive of the targeted reforms in the Discussion Draft. We continue to believe that clarifying the Forest Service's management mandate, particularly on the roughly 24 percent of the National Forest System designated as suited for timber production, is worth Congressional consideration and action. A trust mandate works very effectively on State Forest lands, and would allow other, less intensive uses on the other portions of the National Forest System, such as wilderness and roadless areas.

However, we strongly support the enactment of reforms such as those found in the Discussion Draft. They can be used – in most cases immediately, and in other cases after minimal rulemaking – to put needed projects together and begin addressing the various forest health crises we are experiencing on Federal forests.

Emergency Fire Funding:

The Forest Service has repeatedly – and accurately – urged Congress to act on a solution to the current, flawed approach to paying for fire suppression. The current practice assumes that the Administration will request – and Congress will provide – fire suppression funding at the 10-year rolling average. When these funds prove inadequate, as they do most years, the Forest Service is forced to “borrow” from non-fire accounts. In most years when “fire borrowing” has occurred, the vast majority of the funds come from timber related accounts, which directly impacts the Forest Service's ability to care for roads and ensure adequate reforestation.

FFRC has long supported a fix to the fire funding problem, and we applaud Mr. Westerman for taking on this tough challenge. We recognize that there are complicated issues regarding jurisdiction and funding sources that Congress must grapple with, but we also stress that it is past time for Congress to address this universally agreed-upon challenge. The proposal in the Discussion Draft is a good step towards fixing the problem.

The Draft allows access to Stafford Act disaster funding if and only if the Forest Service has requested and been funded at the 10-year average, and then on a fire by fire basis once the Chief has determined that appropriated funds will be exhausted in less than 30 days. While we understand fiscal concerns with other proposed fire funding approaches, we are concerned that the one currently proposed here will allow the rising costs of fire to continue eating into the Forest Service budget.

In Fiscal Year 2016, fire suppression costs rose to account for 55 percent of the Forest Service discretionary budget. By 2025, this is projected to increase to 67 percent of the budget. While Congress has continued to provide increased spending for hazardous fuels reduction and forest management, the growth of the 10-year average threatens to eventually squeeze out other priorities, such as addressing large scale mortality events or repairing the Forest Service's large – and growing – infrastructure problems.

We support a fiscally responsible fire funding solution that arrests the growth of the 10-year average while ending the practice of fire transfers. The current Discussion Draft could be improved by freezing the 10-year average at last year's level, with provisions to revisit it periodically to allow Congress to evaluate growth in the average. Once the 10-year average is frozen, the Discussion Draft approach of requiring emergency declarations could operate fairly seamlessly.

We would also encourage the Committee to consider allowing unexpended fire suppression funds to be retained by the Forest Service for use in hazardous fuels reduction and forest access. Congress has been hard pressed to find funding for these priorities, and the prospect of holding on to the funds could incentivize cost savings in fire suppression operations.

Conclusion:

I know first hand how difficult it's been to keep my family run business going when the Forest Service struggles to manage their Forests. The Congress has ample evidence that the "no touch" management strategies adopted in the 1990's have failed the public, whether you rely on the Forests for timber supplies or you'd simply prefer to visit living, healthy forests. Poverty, unemployment, and population loss have for too long been the leading characteristics of the rural communities that surround our National Forests. The fire funding model adopted generations ago is in dire need of modernization.

We appreciate the fact that this committee and the House have acted on forest management and fire funding reforms in recent years. We urge you to resume this effort, make a few targeted changes to the discussion draft, and come to an agreement with the Senate as soon as possible.

Jim D. Neiman is the 3rd generation in his family to work in the forest products industry. His grandfather, A.C. Neiman, started a sawmill in the Black Hills in 1936, and his dad, James S. Neiman, is still actively involved in the family's ranch and timber businesses at the age of 85.

The Neiman Family now owns four Forest Products facilities: Devils Tower Forest Products, Hulett, WY; Rushmore Forest Products, Hill City, SD; Spearfish Forest Products, Spearfish, SD; and Montrose Forest Products, Montrose, CO. The Neiman Family also owns Neiman 77 Ranches and The Golf Club at Devils Tower, located in Hulett, WY as well as Heartland Wood Pellets, Spearfish, SD.

Jim is a 1974 graduate from the University of Wyoming with a BS degree in Range Management and a minor in Business Administration. He and his wife Christy of 38 years, have two grown children. Marcus works with the family companies and is also a member of the Army National Guard. Sonja lives and works in Gillette, WY.

He is a past member of the Wyoming Occupational Health & Safety Commission; the Wyoming Economic Development & Stabilization Board; the Independent Forest Product Association; the Enhanced Oil Recovery Commission and the Chairman of the School of Environmental and Natural Resources with the University of Wyoming, past President of the University of Wyoming Board of Trustees and a former director with Summit National Bank. From 2013 to 2015, he served as a Steering Committee member for Wyoming Gov. Matt Mead's Task Force on Forests.

He currently serves on the Hulett Airport Advisory Board, is the Treasurer of the Black Hills Forest Resource Association and a member of the Intermountain Forest Association, He is a founding member of the Federal Forest Resource Coalition and has served as President since 2015. He has also served on the Federal Reserve Bank of Kansas City's Economic Advisory Council since 2013.