PO Box 2486, Vancouver, BC V6B 3W7 & Tel: 604-984-6838 & Email: madrep@shawcable.com & Web: www.madisonsreport.com

September 06, 2013

Plans recently discussed by the US Forest Service to improve upon, and capitalize on, an aging timber landbase may get scrapped due to the sheer investment needed to battle the latest US wildfires. Meanwhile, states previously dependent on timber harvesting for revenue lost federal payments at the end of August, as previously announced.

Running out of money to fight this year's wildfires, the US Forest Service is diverting US\$600 million from timber, recreation, and other areas to fill the gap, according to the *Albany-Democrat Herald* August 23. The Forest Service said it has US\$50 million left in the bank for fighting fires this season. That amount wouldn't even stretch to the end of August. The agency has spent US\$967 million on fires so far this year.

It's the sixth time since 2002 that the Forest Service has had to dip into other funds to help pay for firefighting efforts.

At the same time, the *AP*'s Jeff Barnard reported, the Obama administration has been steadily cutting spending on thinning federal forests to reduce fire danger — and has proposed to cut it even more. The acreage treated would drop by nearly two-thirds, from 1.8 million acres trimmed in 2012 to 685,000 acres next year. The budget for that work was US\$500 million last year, got reduced to US\$419 million this year under the automatic budget cuts known as sequestration, and is proposed to dip even further, to US\$292 million, next year.

US Sen. Ron Wyden of Oregon (D) understands the cycle at work here: "There are years of neglect," he told the *AP*. "The fuel load builds up and it gets hotter and hotter on the forest floor. Then you get something like a lightning strike and a big inferno. Then the bureaucracy takes money from the prevention fund to put the fires out and the problem gets worse. The cycle just repeats itself again and again."

At the beginning of sequestration, the Forest Service demanded that rural counties pay back some of the timber payments they'd already received and spent [this year]. But all of the recipients of the federal aid refused to go along with this approach to across-the-board federal budget cuts. The Chief of the Forest Service, Thomas Tidwell, had asked 41 states to return US\$17.9 million in timber payments used to pay for schools, roads, search & rescue operations in rural counties, and conservation projects.

At the end of August, the US Forest Service announced plans to take a portion of the timber payments it has previously promised or paid out to 22 states. According to the Service, these cuts are the direct result of federal budget cuts and the sequester. The Chief sent collection letters from to 22 governors explaining that money would be taken from funds used for habitat improvement and other national forest-related projects. These programs create jobs under the Secure Rural Schools and Community Self-Determination Act.

So instead, the Forest Service now is taking the cut out of money still under its own control. The targeted funds pay for road and trail maintenance, and conservation projects.

Oregon receives more than any other state under the Secure Rural Schools funding formula. That state could lose about US\$3.9 million, leaving it with about US\$3.4 million for its program. California could lose US\$2.2 million; Idaho could lose US\$1.7 million; Montana and Washington State nearly US\$1.3 million each; and, Alaska about US\$930,000, or about one-half of its planned effort.

The Western Governors' Association, in a letter to US Agriculture Secretary Tom Vilsack in May, said the budget act that triggered the automatic federal budget cuts, or sequestration, does not include language autho-

rizing "retroactive application of the spending reductions or limitations. Nor does it contain language requiring reimbursement of funds that were already distributed in order to satisfy spending limitations."

Forest Service spokesperson Larry Chambers said the Forest Service had been dealing with the issue of collections under the Secure Rural Schools act since March, "well before any decision was made regarding transfer of fire funds."

The US Forest Service kept nearly US\$17.8 million in timber payments that would normally have gone to states this year, to help balance its budget.

In terms of the ongoing O&C Lands debate in Oregon, players are anxiously awaiting the decision of Congress.

"In our view, both the environment and the economy can be enhanced if bipartisan legislation sponsored by US Reps. Peter DeFazio, Greg Walden, and Kurt Schrader is approved in some form," the *Portland Tribune* Editorial Board said Thursday. "This bill offers the first major opportunity in decades to do something about forest health while also improving the economy of rural Oregon."

The O&C bill proposed by the three Oregon congressmen will be wrapped into broader federal lands legislation that soon will go before the House of Representatives. Meanwhile, US Sen. Ron Wyden is drafting his own forest legislation, which is likely to include more stringent environmental provisions.

The difference between the two bills, if both are approved by their respective chambers, will be settled by a House-Senate conference committee.

"We see no reason, other than the potential irrationalities of partisan politics, why the final bill cannot serve multiple purposes," says the *Portland Tribune* editorial. "It should allow for substantial increases in timber harvests, provide more income to the 18 Oregon counties that have O&C lands, protect streams, and include management practices that reduce the risk of the very fires that have been burning our forests and endangering firefighters this summer."

"The Oregon delegation will get this [resolution of Oregon's federal forests] fixed," Wyden told the *Statesman Journal* Editorial Board August 27. "A failure to pass legislation, in my view, is unacceptable. The current projections by the Bureau of Land Management would be catastrophic. The current (timber) harvest levels are inadequate, and they would get worse."

Eighteen Oregon counties, including Marion and Polk counties, contain federal lands overseen by the Bureau of Land Management and once owned by the Oregon & California Railroad. Many counties also have national forest lands.

Wyden has said he will unveil his legislation after Congress resumes its session next week. He's expected to propose a smaller increase in logging and fewer curbs on environmental restrictions.

House Bill 1526 passed the US House of Representatives Natural Resources Committee in July and is slated to go to the House floor in September or October. .

Keta Kosman Publisher Madison's Lumber Reporter Madison's Timber Preview Madison's Investment Rx www.madisonsreport.com 604 984-6838