

## Generating Rural Economic Stability

### *Federal Forests and the Local Manufacturing Infrastructure are Interdependent.*

Mills in proximity to federal forest land depend on the fiber produced on those forests. Loggers, truck drivers and equipment suppliers are similarly dependent. Under the sustained yield model, where no more wood than is grown on a forest is harvested, forests can continue to produce a steady, dependable supply in perpetuity. With a steady supply of timber, milling capacity—lumber, plywood, engineered wood products or paper—dependent on forest production remains viable. Installed mill capacity provides a market for fiber, which allows the Forest Service and the Bureau of Land Management to actively manage the nation's forests to achieve desired conditions, such as forest health and fire resistance. Most national forests are currently selling much less timber than is allowed under their land management plans. This has affected the viability of federal forest dependent businesses. This is especially true in regions where the majority of timber is federally owned.

For example, in the Blue Mountains region of Northeast Oregon and Southeast Washington, three national forests contain 68% of the region's commercial forest acres. Because of dramatic downturns in federal forest timber sales between 1990 and 2005, 14 mills dependent on those timber sales closed. Most of the remaining 15 facilities are operating only one shift, which reduces mill efficiency and results in a substantial reduction in living-wage jobs in the local area. A study conducted in 2006 concluded that 500 million board feet annually from federal forests in the area would allow the forest products companies to employ 2,249 employees with an annual payroll of \$82 million, which would provide \$28.5 million in payroll taxes to state and local governments. The annual sale of 500 million board feet would also provide critically needed revenue to state and local governments via 25% payments. Instead, the area's three national forests produced less than 100 million board feet. The 500 million feet needed by the local mills was well below the 965 million board foot annual output realizable from a modest level of desirable forest management activities.

### *County Payments (Secure Rural Schools Program).*

Since 2000, the county timber payments program has compensated rural counties for reduced timber harvest receipts from federal lands. For nearly a decade prior to its enactment, counties in the Northwest Forest Plan area also received payments to offset the reduced timber receipts following the listing of the northern spotted owl. The Secure Rural Schools program was recently reauthorized for four years and the last payment will be received in FY11. Since it is unlikely that the program will be reauthorized again, it is critical that the Forest Service and Bureau of Land Management mobilize during the next three years to increase the revenues flowing from a sustainable timber harvest. A return to a sustainable and responsible level of management will improve forest health conditions, maintain industry infrastructure and generate a significant portion of the funding these counties rely on to support law enforcement, hospitals, libraries and other vital services.

*Oregon and California Lands Act of 1937 / Bureau of Land Management Western Oregon Plan Revisions*

At the end of 2008, the Bureau of Land Management (BLM) adopted revisions to the Northwest Forest Plan known as the Western Oregon Plan Revisions (WOPR). The plan came about as a result of a lawsuit by the timber industry, labor organizations and some Oregon counties to force the BLM to manage the 2.1 million acres according to the terms of the Oregon and California Lands Act of 1937 (O&C Act). The Act requires the lands be managed for a sustained yield of timber to provide a permanent timber supply and contribute to community and industry stability. The final plan allows a maximum harvest of only 502 million of the approximately 1.2 billion board feet of annual timber growth. Only 32% of the land base is made available for timber production. Twenty-two percent of the land base is withdrawn for non-timber uses. An additional 7% of the land base is off-limits to timber production for at least 15 years. For these and other reasons, AFRC believes that the WOPR continues to fail to meet the legal mandate for these lands and is seeking a judicial interpretation. Nevertheless, the WOPR should be fully implemented pending the outcome of the litigation. Doing so will bring much needed jobs and tax revenues to Oregon's rural counties. It will also preserve the milling infrastructure without which the active management needed to restore forest health and reduce risk of catastrophic fires to Oregon's federal forests will not be possible.

Recommendations:

- 1) The milling capacity and species mix needs of local installed milling infrastructure should be taken into account by federal forest management agencies when undertaking land management activities.
- 2) Funding should be appropriated to implement the Western Oregon Plan Revisions.
- 3) The WOPR should be fully implemented by the Bureau of Land Management in the near term to avoid counties running out of revenues as payments under the Secure Rural Schools Act is curtailed.

*The American Forest Resource Association (AFRC), headquartered in Portland, Oregon, represents nearly 80 forest products businesses and forest landowners in twelve states, primarily in Washington, Oregon, California, Idaho and Montana. Its mission is to create a favorable operating environment for the forest products industry, ensure a reliable timber supply from public and private lands, and promote sustainable management of forests by improving federal laws, regulations, policies and decisions that determine or influence the management of all lands. For information, call 503-222-9505.*

March, 2009