

**Testimony of Clint Bentz
On Behalf of the
Oregon Tree Farm System
and the
American Forest Foundation
Before the House Agriculture Committee, Subcommittee on Department
Operations, Oversight, Nutrition, and Forestry
On “The Future of the Nation’s Forests”**

June 3, 2009

Chairman Baca, Ranking member Fortenberry, members of the Subcommittee, thank you for the opportunity to appear before you today on behalf of America’s family forest owners. I’m a family forest owner in Oregon, where my siblings and I own 700 acres and manage it as a certified property under the American Tree Farm System – a program of the American Forest Foundation. ATFS certification means that my forest, like that of the 91,000 other family forest landowners in the system, is managed in a way that ensures the continuation of clean water, wildlife, recreational opportunities, and renewable wood products.

We were honored by the American Forest Foundation as the National Outstanding Tree Farmers of the Year in 2002 for our conservation and outreach efforts. We were also honored by Oregon’s governor, Ted Kulongoski, for our conservation efforts on behalf of the Oregon Salmon Plan. I just completed my 3-year term as Chairman of the National Operating Committee of the American Tree Farm System – the first family forest landowner to hold that post in the organization’s 65-year history. I currently serve as a Trustee and Treasurer of the American Forest Foundation.

As a Certified Public Accountant, I speak, write and work with family forest landowners around the nation on the issue of maintaining family ownership of farm and forestland across the generations. I’m also a member of the Oregon Small Woodland Owners Association, which represents over 3,000 family forest owners in Oregon. I’m here today on behalf of the American Forest Foundation and the 91,000 family owners in the American Tree Farm System.

Why Forests Matter

In Oregon, families own 4.7 million acres, or around 15 percent of the forested landscape. Nationally, 56 percent of the 751 million acres of forestland is privately owned. Of this private forestland, 62 percent, or 264 million acres is owned directly by individuals and families. This family forestland is owned by roughly 10 million individuals, with an average land holding of less than 100 acres. The forest industry in Oregon is the largest in the nation, accounting for 18 percent of total U.S. softwood lumber production. Our soils and wet climate have made Oregon the “Persian Gulf” of timber in the U.S. Voluntary efforts by private forest landowners in Oregon over the last 10 years under the Oregon Salmon Plan have restored over 3,700 miles of stream banks and have made 3,100 miles of stream accessible to fish by improving culverts and stream crossings.

Securing the future of the nation's family-owned forests is a priority we should all be concerned with, whether we own forests ourselves, work in the forestry sector, or simply live in an urban environment. Family forests that are sustainably managed are critical to our daily lives.

Across the nation, these family forests supply the bulk of the wood for wood products, clean water and air, wildlife habitat, and recreational opportunities. Ninety percent of our nation's endangered species rely on family-owned forests for some part of their critical habitat. If these lands aren't managed sustainably and families are not able to hold onto their lands, we will lose a vast part of our nation's natural infrastructure, the jobs and economic value that forests provide for rural communities, the hunting, fishing, and other recreational opportunities, and the scenic beauty we all enjoy.

Ensuring Clean Water Supplies. Safe drinking water is pretty much taken for granted in the U.S., but in fact more than 50 percent of the freshwater flow in the lower 48 states depends on forested watersheds for purification. Forests protect water quality by stabilizing soils, slowing runoff, preventing erosion and floods, and filtering pollutants. The US Forest Service estimates that 180 million Americans depend on forests for their drinking water.

A Green Building Material. Wood itself is increasingly recognized as one of the best "green" building materials for many reasons—it is renewable, forest products store carbon, and it takes far less energy to provide than other building materials like steel and concrete.

Mitigating Climate Change. Since trees absorb carbon, our nation's forests are effectively reducing 10 percent of all harmful carbon dioxide pollution in the U.S. every year. Without forests, we would be sliding even closer and faster into climate change.

The US EPA predicts, with the right incentives to encourage good forest management practices (planting trees, replanting cut trees or trees damaged by disasters, lengthening cut rotations, and avoiding deforestation), forests could actually do much more to combat climate change—capturing and storing up to 20 percent of all U.S. carbon emissions.

This is important—we have 20 percent of the solution to our nation's climate challenges right here in our back yard today—in the nation's forests. This is a climate mitigation tool that we can put to work immediately.

Providing Renewable Energy. Forests can also supply significant amounts of renewable energy, for both fuels and electricity. As we strive to reduce the nation's reliance on foreign sources of oil and fossil fuels, we should turn to the nation's forests, where we have 50 percent more biomass today than we did in 1950. If these lands are managed sustainably, we can meet our wood fiber and our renewable energy needs.

The thing I love about being a Tree Farmer is that I don't live long enough to see the fruit of my own labors. Everything I do on our Tree Farm is for the benefit of generations yet to come. Anything I do on our land that generates income is due to something that the

previous generations created. We care about these lands and our goal is to leave them to the next generation better than we found them.

My father purchased our property in 1964 to provide summer pasture for our cows. At the time it was a “cut-over stump ranch” that had been significantly degraded by the prior owners. In the 1980’s we began to manage for timber, and in one generation a forest that had been gone for over 50 years began to re-emerge. When he passed away seven years ago, the task of management fell to me. I am working hard to ensure that my children acquire the passion and vision to continue the work of restoration Dad and I started on this property 30 years ago and see it through to completion.

As a professional, I have worked with several families who have owned their forestland for 6 to 10 generations. Imagine the sense of heritage and pride these families have in their lands. They are true stewards and while they own the land, in many ways the land owns them. With the many challenges in family life today, these properties can become a unifying force keeping families working together for a common purpose. They can also be a source of division and frustration if the families do not work to keep this sense of heritage alive.

Clearly, there is a lot at stake with this essential aspect of our nation’s natural infrastructure. Unfortunately, the news isn’t all good. These family forests are at grave risk for a number of reasons. When I get family forest owners together to talk about why we are so passionate about our lands in the face of the risks of fire, insects & disease, a rapidly changing regulatory environment, declining markets, the estate tax and climate change, the only answer we can come up with is Brain Damage! We love these lands. The dirt gets under your skin and you become a part of it.

Development Pressures

Family forest owners are faced with tremendous development pressures, as urban areas grow, and the cost of owning their land rises. The US Forest Service predicts that by the year 2030, roughly 44.2 million acres of forests will experience substantial increases in housing density. When forests are converted to other uses, the US Forest Service reports that these negative impacts are common:

- Decreases in native fish and wildlife and their habitats
- Changes in forest health
- Reduced opportunities for outdoor recreation
- Poorer water quality
- Greater loss of life and property to wildfire
- Decreases in production of timber and other forest products.

While development pressures have certainly slowed due to the economic slump, we are sure to see it pick back up. Annually, we lose about 1.5 million acres, an area about the size of the state of Delaware. What does this mean? Well, the slide? We lose the ecological services like water and air filters and these lands become much harder and more costly to manage for economic and ecological purposes.

Climate Change and Forest Health

Scientists around the globe predict that as our climate changes, we'll see drastic changes to our forested ecosystems. Many predicted changes will negatively impact America's forests—increased catastrophic wildfires and insect and disease outbreaks, shifts in forest species compositions, and major drought.

We are already seeing the affects of the changing climate today. Take, for example the massive mountain pine beetle outbreak in the Rocky Mountain region, where millions of acres of forests are dying from the outbreak. Scientists believe the severity of this outbreak is due to a number of factors, one of which is the fact that earlier warming in spring and a longer growing season have allowed the beetles to increase their rate of reproduction to a level we did not think was possible. Earlier spring warming is already causing alarm in southern Vermont where folks have seen the harvest time for maple syrup consistently starting earlier and earlier until it is now a whole month earlier.

We also have a growing collection of invasive forest pests and pathogens that threaten the nations forests, whether it's the emerald ash borer in the Lake States, Sudden Oak Death in my neighborhood, Asian longhorned beetle in the northeast, or the European wood wasp in New York, or cogongrass in the south, it seems that every forested region is facing more threats from pests that arrive from overseas due to our increasingly global economy.

Declining Traditional Markets

One risk to our family forests is the changing economics of forestry. In the West, most of our lumber goes into the housing market. The decline of new housing starts from 2.1 million to fewer than 500,000 in two years has decimated the forest products industry and sent timber prices to historic lows. Contributing to this problem is the fact that we are importing logs and lumber from countries whose environmental regulations are not as strict as our own.

In the South and East, we see paper production moving offshore for a variety of reasons with a resulting loss of pulpwood markets. Markets for wood products of all kinds are declining, and without cash flow to the landowners, there can be no conservation of the land. While the economic downturn is magnifying this, we have seen dramatic declines in market opportunities for traditional wood products from family forests for more than a decade. This is due in large part to the global economy and rising competition from places like South America and Asia. We are quickly losing our ability to compete with other countries, as manufacturing and environmental costs rise here in the U.S. and the regulatory climate for forest owners continues to grow more burdensome.

Forest owners, who previously may have done some cuts to generate revenue each year, have had to hold off the last couple of years because of the weak market. One of our Tree Farmers in Louisiana, Judd Brooke, was only able to get about ten cents on the dollar when clearing down trees from Hurricane Katrina, compared to the pre-Katrina prices. In

Oregon, log prices are currently at or below the cost to harvest and transport the logs to the mill. I didn't harvest any timber last year and won't harvest any this year either.

As a result, many saw mills have been closing down, making it more and more expensive (especially with higher gas prices) to ship timber to farther-away saw mills. Loggers and truckers are going out of business and young people are choosing other careers. Together, these types of market trends have put tremendous pressure on rural communities that have long been dependent on timber production. This is happening at the same time that we are importing 35 percent of our lumber from other countries.

Aging Population of Forest Owners

It's of course a fact that the U.S. population is aging. However, this issue is much more pronounced in the population of family forest owners where most family forest owners are above the age of 55. Generational change is a huge issue for family forestlands. With nearly 20 percent of the acres are owned by individuals over 75 years of age, and half owned by someone of retirement age, we expect over 40 million acres of family forests to change hands in the next five years. In many cases, these families have not begun engaging the next generation to prepare them for the handing over of the baton. For certain, the average size of these holdings will decrease as this land is further fragmented, and this is likely to have impacts on how these lands are viewed and managed by the new owners. Eighty percent of family forest owners list as a top priority the passing of their lands to the next generation. Surprisingly, less than a third of the current generations of landowners inherited their land from the previous generation. Almost 80 percent of forest landowners have purchased at least some of the lands they manage.

Raising timber is a multi-generation project. In Western Oregon, it takes 40-80 years to raise a tree from seedling to harvest. In Eastern Oregon and the Inland West, it takes on average 80-120 years to raise a tree to maturity. Hardwoods in the Midwest and East can take up to 150 years to produce high quality hardwood lumber. That is 3 to 6 generations of owners for one harvest cycle. If families fail to prepare for generational change, this is a point where we see a lot of forests shift into non-forest uses, become fragmented, or developed, never to return to a working forest.

Another impact is the effect of the estate tax on family forestlands. When the land gets valued and taxed at fair value 3 to 6 times between planting and harvest, it often results in the premature harvest of the timber, followed by the sale of the land. For many families, after they pay estate bills, there is not enough of the property left to make it worthwhile to keep it.

So, now that I've laid all this depressing information on you, we have some policy solutions to address these threats, capture the tremendous value of family forests for climate mitigation, renewable energy and other ecosystem services like clean water, and help keep this essential element of our rural economies intact. This is how we will truly secure the future of the nation's forests.

Expanded Market Opportunities

While the primary motivation for ownership among most family forest owners is not timber production (it is a top 10 reason, but not a top 5 reason for owning the land), financial incentives are an essential element for keeping them on the land—no cash flow, no conservation.

Maintaining and improving traditional wood products markets. These markets have and will continue to be a strong source of income for family forest owners, if the appropriate policies and incentives are put in place. This includes ensuring that wood grown on family forest lands is considered “renewable” in new and emerging green building markets. Unfortunately, some green building standards, including the Standards used by our very own General Services Administration, exclude the use of wood from most family forests, including the 30 million acres certified under the American Tree Farm System®.

Emerging renewable energy markets. This Committee has been at the forefront of the debate over emerging energy markets for biomass. This new market has the potential to offset revenue streams lost by the declining timber market. Unfortunately, family forest owners are essentially left out of the renewable fuels market due to an unduly limited definition in the Renewable Fuels Standard.

Emerging carbon markets. Carbon markets represent another minor, yet important, emerging income stream for family forest owners. However, it is critical that the policies are structured to reflect the needs of family owners; otherwise, the vast climate mitigation potential in these forests will go untapped. Right now, there are still many questions and uncertainties present in the House climate bill, HR 2454, that could make or break this market opportunity for family forest owners. The American Tree Farm System already has pilot programs in place where family forest landowners are aggregating and selling their carbon on the existing voluntary markets. We want to see these efforts encouraged and expanded under whatever regulatory structure is adopted by Congress.

Emerging Ecosystem Service Markets. In addition to carbon markets, markets for other ecosystem services, like clean water and endangered species habitat are emerging. The 2008 Farm Bill took a step in the right direction, requiring the development of standards and guidelines for ecosystem services and the establishment of the USDA Office of Ecosystem Services and Markets. We must have policies in place that encourage the development of these markets, to secure the continuation of these services in the future.

Investments in Conservation

In addition to market opportunities, we also need incentives for family forest owners to continue managing their land sustainably and stay on the land. These incentives help add to revenue streams from markets and are by far preferable to a regulatory approach. Again, no cash flow—no conservation.

Tax Incentives. Tax policy can serve as either a major incentive or a major deterrent to family forest owners who wish to keep their land in the family and manage their forests

sustainably. This is especially true as development pressures and land values escalate, often putting forest land owners in a situation where they may feel forced to sell in order to pay property, estate or other taxes. Forest land is a unique, risky, investment, often requiring significant upfront expenditures that can take 30-150 years to yield favorable returns. In many cases, there is a 10-fold or more difference in the value per acre as forest land or development land.

Tax incentives can take the form of lower income taxes for forest revenue, an estate tax system that encourages rather than discourages intergenerational ownership of family forestlands, tax credits or deductions for conservation activities such as conservation easements or endangered species conservation. Congress will have an opportunity this year to tackle several of these issues, including the estate tax and tax credits for conservation easements.

Conservation Incentives. Tax policy is just one way to create incentives for forest conservation and sustainable management. Other incentives, like those provided in the 2008 Farm Bill through programs like the Environmental Quality Incentives Program, also help spur sustainable forest management. We also need better safe harbor agreements so that when a landowner creates habitat for an endangered species, they are not punished by losing the ability to continue the active management of their lands.

This year, with climate legislation moving, Congress has a unique opportunity to create incentives for climate mitigation activities on family forests. While carbon offset markets are one way to do this, they won't work for every forest owner. Pilot projects underway at the American Forest Foundation indicate that while family forest landowners can effectively aggregate their carbon for sale in carbon offset markets, the economic feasibility drops precipitously for forests at or below 80-100 acres.

Because the vast majority of forest owners own less than 100 acres, we need other ways to capture the carbon benefits of these forests—if we are going to double the sequestration in forests from 10 to 20 percent. Incentives will do the job, provided the legislation includes them. Unfortunately, the current Waxman-Markey climate bill only includes incentives for international forestry projects, and leaves out America's forest owners and farmers. Congress can rectify this and provide an incentive for carbon sequestration that can start happening immediately.

Research Investments. Today, more than ever, we need cutting edge research to face the challenges before us. Whether it's figuring out how forests can help solve climate problems or finding a way to control increasing number of invasive forest pests, there is no shortage of questions that need answers in order for our forests to continue to thrive. Unfortunately, forest research funding has drastically declined over the past decade, due in large part to a decreasing investment from the private sector. Investments in research at our federal agencies and our universities are essential to getting the right information in the hands of those making decisions about forests.

Federal Forest Policy. The problems that plague our national forests have made them bad neighbors to the family forestland owners that live on their borders. In the Pacific

Northwest Region over the last 10 years, the average size of a wildfire on the national forest was 133 acres. On State and private lands the average size was 24 acres. In 2007, more than 500,000 acres of national forests in Oregon were damaged as a result of bark beetles and other insects and disease problems caused largely by stress from drought and historically overstocked stands.

Wildfire and insect and disease issues do not honor property lines, and the federal forests need to be funded and actively managed to restore the health of this vital ecosystem and national resource. In 2007 in Oregon alone, less than 7 percent of the annual growth in the federal forests was harvested. Nearly 20 percent of the annual growth was lost to fire, insects and disease, and the remaining 73 percent of the growth is still there, increasing the stress on these already overstocked stands. This is a recipe for disaster.

By comparison, on private forest lands in Oregon in 2007, 75 percent of the annual growth was harvested, 4 percent was lost to fire, insects and disease, and 21 percent of the growth is still there in the woods.

The US Forest Service concluded in 2007 that forest health could be restored by thinning these stands, burning after thinning, harvesting insect-infested trees, and selected harvesting which restores the forest to healthy, historical stocking levels. Private landowners in these same areas have adopted these practices and have seen great improvements in the health of their forests. This was vividly brought home to Oregonians in the recent B & B fire where national forestlands were devastated and the adjoining private forests escaped relatively unharmed.

Education Investments. All the market opportunities, incentives or other policies we enact will have little effect if the next generation of landowners, conservationists, and general citizens do not have the awareness and skills to tackle our environmental challenges. Investments in education about the environment, science, math, and other areas, that help prepare our children to meet these challenges is essential. There are several opportunities through USDA, including through the US Forest Service's conservation education programs, to increase these investments. This should also be a priority as we seek to secure the future of the nation's forests.

This Congress and decisions made over the next several years will have a dramatic impact on the future of the nation's family forests. Right now, the future is looking good, family forest owners have tremendous potential to help solve some of our toughest environmental challenges and Congress is poised to help see this happen. We must make the right decisions about our nation's forests, ensure adequate market opportunities and provide incentives that will help us address our pressing challenges and secure the future of this precious natural resource.

I believe that families have the ability to hold and manage land sustainably over the generations. However, if we don't help them succeed, we will lose a vast part of our nation's natural infrastructure, the jobs and economic value that forests provide for rural communities, the hunting, fishing, and other recreational opportunities, and the scenic beauty we all enjoy.

Forests have long provided traditional benefits like wood, wildlife, and recreation. Now, we are also depending on forests to provide ecosystem services like clean drinking water, carbon sequestration, and biomass for clean fuel. Family forests will play an essential role to help our nation with its most pressing environmental issues—climate change and the demand for renewable energy. But family forest owners need supportive policies and market incentives if their forests are going to do all they can to survive as healthy forests, providing all the “free” benefits the public now enjoys.

Thank you again for the opportunity to speak to you. I’m happy to answer any questions you may have.

