

MINUTES
JOINT MEETING

**SENATE RESOURCES & ENVIRONMENT COMMITTEE
HOUSE RESOURCES & CONSERVATION COMMITTEE**

DATE: Wednesday, February 27, 2019

TIME: 1:30 P.M.

PLACE: Lincoln Auditorium

MEMBERS PRESENT: Chairman Heider, Vice Chairman Brackett, Senators Bair, Johnson, Mortimer, Patrick, Guthrie, Stennett, and Jordan.

Chairman Gibbs, Vice Chairman Gestrin, Representatives Shepherd, Boyle, Vander Woude, Mendive, Kauffman, Blanksma, Addis, Lickley, Moon, Raybould, Erpelding, Toone, and Mason.

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman** Heider convened the Joint committees of Resources & Environment and Resources & Conservation (Committees) at 1:30 p.m.

PRESENTATION: **The Health of Idaho Forests, Tom Schultz**, Vice President of Government Affairs, Idaho Forest Group (IFG), explained that the IFG was primarily focused on Idaho but would cover Montana as a comparison. IFG currently operates six sawmills and one finger joint plant, with operations in north Idaho. **Mr. Schultz** explained compounding ecological circumstances affecting Idaho's forested lands, with an emphasis on dense, overstocked forests. Certain forests in Idaho's boundaries are emitting, as opposed to sequestering carbon, due to the amount of disease and beetle infected trees. Overstocked stands may render large areas of land susceptible to disease and catastrophic wildfires; trees in certain forests are dying at a rate that exceeds growth, creating more fuel. He stated that the preponderance of the insect and disease infestations are on federal lands and he argued that mortality was indicative for forest health. He stated they observed a decrease in growth since the logging industry's peak in 1991, and an increase in mortality as harvest levels dropped. Compounding issues have increased the amount of tree mortality in Idaho's forests. Since 1991, harvested board feet declined by 80 percent and there is a correlation with increased wildfires since that time. In the past, the National Forests issued allowable sale quantities of 12 billion board feet. Two billion board feet are currently harvested, nationally. It is the IFG's goal, along with the United States Department of Agriculture (USDA), to have the Forest Service allow the harvest of over three billion board feet in the short term. Their ultimate goal is to allow the harvest of six billion board feet on federal lands across the nation as lack of management leaves the forests vulnerable. **Mr. Schultz** emphasized that this issue threatens industrial, private, and public assets, as well as rural economies. He hopes that a conglomerate will form between the many management agencies, businesses, and contractors who aspire to secure the future of Idaho's forests. The Good Neighbor Authority (GNA) is a tool they will utilize to accomplish this unity. Collaborative groups are forming with the goal of Full Plan Implementation (FPI), completing the entire agenda on the Forest. There are ten different collaborative groups in Idaho, Clearwater Basin Collaborative (CBC) being the longest servicing group. They received federal funding over the

last 10 years. CBC efforts have tripled the timber volume offered for sale since 2008 and their target for 2023 is to put for sale 131 million board feet, roughly 95 million more than they signed in 2008. **Mr. Schultz** informed the Committees that there are 14 GNA projects underway in Idaho and 17 in Montana, and projects underway in Idaho are not directly related to commercial timber harvest. Shared Stewardship (SS), an effort guided by the Forest Service, is the latest form of management he had seen. SS works across private, state and federal lands to achieve common goals, the majority dealing with forest health improvement. **Mr. Schultz** summarized in conclusion that their goal was to double the commercial acres treated as well as reduce hazardous fuel deposits; to expect a significant cost to treat the land; greater collaboration between agencies; and ultimately a measurable increase in the pace and scale of treatment on public lands.

PRESENTATION: Idaho Department of Lands' Agency Overview, Dustin Miller, Director, Idaho Department of Lands (IDL), shared his appreciation for Tom Schultz, the previous Director of the IDL, and explained the history of the IDL. Congress granted six million acres of land to Idaho in order to help fund specific beneficiaries, namely Idaho public schools. The IDL operates under a constitutional mandate to maximize the long term financial return to the beneficiaries. The sale of timber, leases for grazing, farming, conservation, commercial uses, mining, and earnings from invested funds are utilized to generate returns. The Endowment Fund Investment Board manages the invested revenues from the endowment lands and provides assistance to Idahoans to use, protect, and sustain their resources through programs. **Mr. Miller** indicated that 4.6 percent of land based in Idaho belongs to the Endowment Beneficiaries. He explained that IDL's activities are guided by the State Board of Land Commissioners (Land Board), comprised of the Governor, Attorney General, State Controller, Secretary of State, and the Superintendent of Public Instruction. The Land Board provides the direction to the IDL in managing the endowment to meet the constitutional mandate as well as oversee the regulatory and assistance duties in managing Idaho's public trust lands. He outlined each department inside the IDL and their functions. **Mr. Miller** argued that it was vital to manage Idaho's forests in a sustainable way to remain healthy, productive, and resilient. The IDL was updating their Forest Asset Management Plan and recalculating their timber land's sustained yield. He said that it would translate into increased harvests. Within the IDL, the Good Neighbor Bureau will set standards for the GNA projects. A partnership between the Forest Service will increase the pace and scale of restoration on Federal Lands. Timber sales will offset the costs of additional management activities. He said they currently have one employee dedicated to working with the Bureau of Land Management (BLM), and other partners to increase land restoration in Idaho. **Mr. Miller** discussed fire management and their responsibility to protect 6.3 million acres of endowment land. The IDL administers many protective laws which regulate actions like mining, waterways, and private land management.

PRESENTATION: Idaho's Good Neighbor Authority and Shared Stewardship Efforts, David Groeschl, Deputy Director, IDL, informed the Committees that the 2014 Farm Bill inspired their research in assessing Idaho's timber production. They found that Idaho contains 20 million acres of National Forest System Lands, 12.6 million of which are suitable for some level of management. Of that 12.6 million acres, 8.8 million acres are at high risk, and of that area, 6.1 million acres are designated under the Healthy Forest Restoration Act. The GNA authorizes the State to sign a cooperative agreement between Federal Agencies and allows the IDL to use their contracting mechanisms in these cooperations. National Environment and Policy Act (NEPA) **Mr. Groeschl** described the funding relationships between different industrial, State and Federal entities. Among these entity contributions, Idaho's general fund provides \$250,000, a year to kick start fuel reduction projects across the State with the intent that the projects' timber sales will create a self-sustaining

revenue flow in the future. Receipts will eventually help fund contracted services such as road maintenance, bridge replacement, and fish passages. He exclaimed that Idaho was the first in the Nation to have a Shared Stewardship agreement. Their goal was to create plans for State Endowment lands and carry out management activity; to assist private land owners with management through Private Forestry Specialists. They are building relationships with their Federal partners who manage the vast majority of land in the United States; tying the treatment plans together from different State, Federal and Private entities. They will scale the amount of timber sales and hazardous treatment of Federal land in Idaho.

PRESENTATION: Status of Oil and Gas in Idaho, Mick Thomas, Oil and Gas Administrator, IDL, explained the finite nature of the industry and the commodity price drop for both fuel types. He anticipated the price to rise and an increase in production in following years. Despite the decrease in revenue, the IDL was able to stabilize the revenue stream by changing the point of sale and paying severance tax to the State. He described the Kaufman Complaint, regarding the sharing and disclosure of information; the Oil and Gas Commission (OGC) ruled to decline to adopt the Hearing Officer's recommended order. The OGC, after an Executive Session, decided not to appeal the ruling from Judge Windmill in a related lawsuit. On another issue, the IDL is conducting an internal allocation investigation to ensure that the volumes produced in Idaho match State records, sold and transported; OGC's priority was the allocation investigation. **Mr. Thomas** said a Class 2 well was submitted by the operator and was currently in a process of evaluation by the Environmental Protection Agency (EPA), and described the relationships of High Mesa Holdings and their move away from Idaho. Future development is primarily in western Idaho, with pipe and well connections underway.

DISCUSSION: Mr. Thomas fielded questions on the potential for gas and oil resources to rebound. There are significant gas and liquid resources in the state proven to be economically viable. **Senator Stennant** asked Mr. Groeschl to expand on what they are working on for non federal lands. **Mr. Groeschl** explained that thinning and hazardous fuel treatments are prescribed regularly to endowment and private lands through their Forestry Assistance Bureau. They help private land owners set up a stewardship plan, and provide financial guidance and assistance, cost share funds, or stewardship funds. They are working to widen the GNA because there is potential to use generated funds to help accomplish work on private lands. An application was submitted to the joint Chiefs of the Department of the Interior and the Department of Agriculture, which would provide funding to help restore private land affected during the 2015 Clearwater Complex wildfire. They were evaluating the tools, funds, and authorities to help manage those lands.

ADJOURNED: There being no further business at this time, **Chairman Heider** adjourned the meeting at 2:20 p.m.

Senator Heider
Chair

Tyler Brock
Secretary

Bryce DeLay
Assistant to the Secretary