

MINUTES

NATIONAL FOREST SYSTEM/WOODY BIOMASS INTERIM COMMITTEE

CAPITOL ANNEX (OLD ADA COUNTY COURTHOUSE)
WEST CONFERENCE ROOM 117
514 WEST JEFFERSON STREET
BOISE, IDAHO

August 8, 2007

The meeting was called to order at 9:03 a.m. by Co-chair Representative Ken Roberts. Other committee members present were: Co-chair Representative Joyce Broadsword, Senator Clint Stennett, Speaker of the House Lawrence Denney, and Representative Wendy Jaquet. Senate Pro Tem Robert Geddes, Senator Edgar Malepeai and Representative George Saylor were absent and excused. Staff members present were Paige Alan Parker and Charmi Arregui.

Others present included: Senator Leland "Lee" Heinrich, District 8; Morris Huffman, West Central Highlands RC&D; Pete Johnston, Adams County; Andy Brunelle and Dick Smith, U.S. Forest Service; Roger Seiber, Western Legislative Forestry Task Force (WLFTF); Carol Cardin, Siemens Corporation; Beth Markley, Idaho Council on Industry and the Environment (ICIE); Brad Smith, Idaho Conservation League; Jerry Deckard, Associated Logging Contractors of Idaho (ALC); Phil Davie, Valley County; Sharon Burke, Idaho Association of Counties (IAC); Jay O'Laughlin, University of Idaho; Randy Eardley, National Interagency Fire Center; Ron Litz, Idaho Department of Lands; and Jane Wittmeyer, Idaho Forest Association (IFA).

Representative Roberts welcomed the members and guests. After the guests introduced themselves, he distributed a copy of HCR 26 passed in the 2007 Legislative Session and read the interim committee's charge. A copy of HCR 26 is available from the Legislative Services Office.

Robert Maynard, Attorney, Perkins Coie LLP, was the first speaker. A copy of his presentation is available from the Legislative Services Office (LSO). He gave a review of the Idaho Federal Lands Task Force working group's efforts and recommendations. **Mr. Maynard** said that the working group recommended five pilot projects for consideration. Of those, two were chosen for implementation: the Clearwater Basin Collaborative Project and the Cassia/Twin Falls Federal Land Project, which is also ultimately a collaborative approach. He said that legislation was drafted for both of the projects with broad support; however, not much has happened since. **Mr. Maynard** noted that other projects and efforts involved in the pilot project arena as well as reports are available on the Idaho Department of Lands website.

Mr. Maynard highlighted the Healthy Forests Report, which is a progress report on the Healthy Forest Initiative and the Healthy Forest Restoration Act. Some of the issues addressed are wildland/urban interface; fire threat; forest health, expedited procedure, including eco-streamlining; and greatly broadened stewardship contract authority.

Mr. Maynard discussed several pilot projects. He noted that the Lakeface Lamb Stewardship Project in the Priest Lake area has been a stewardship contracting national success story. The Valles Caldera National Preserve Trust was created to preserve and protect the historic Baca Ranch of New Mexico. He noted that this pilot project covers a full range of services and eco-system health. The Herger-Feinstein Quincy Library Group Pilot Project and the Collaborative Forest Restoration Program were also included. He referenced the Tribal Forest Protection Act which addressed fires that crossed over from federal lands onto tribal lands.

Mr. Maynard explained that the Clearwater Basin Project and the Cassia/Twin Falls Federal Land Project are ready to be implemented and don't require legislation to implement. He said there is sufficient existing authority available for implementation, such as the Broad Stewardship Contract, the Health Forest Restoration Act and the Service First. He said that these broad authorities remain available for crafting an approach to greater state and county involvement in national forest management.

Senator Broadsword asked whether the fact that two legislative liaisons, who have since left the Legislature, were part of the original working group Task Force, has impacted the slow implementation of these projects. **Mr. Maynard** said that he does not think that was a major factor. He said that although some of the original members have moved on to other things, there are knowledgeable and supportive people who are still in the Legislature.

Representative Jaquet asked about the impediments to these projects. **Mr. Maynard** said that he is not sure exactly why some have been implemented and others have not. He added that it takes a lot of tenacity to stick with a specific project, create federal legislation and get through the agency process. He said that momentum can be lost without leadership. He said that there have been some positive developments such as the stewardship contract authority and the Healthy Forest Restoration Act that are being implemented in the Clearwater National Forest. A BLM Resource Advisory Council (RAC) was established in the Cassia/Twin Falls area. A stewardship contracting project has also been successful in the St. Joe area.

Representative Roberts, referring to the Valles Caldera Project in New Mexico, asked what role or presence the Forest Service plays in its day-to-day operation. **Mr. Maynard** said the forest supervisor for Sante Fe National Forest has a seat on its trust board and is otherwise there in an advisory capacity. The Supervisor of the nearby Bandelier National Monument is involved as well. **Dick Smith**, USFS, said that there is a nine member board that runs the Valles Caldera Project.

Andy Brunelle, U.S. Forest Service, was the next speaker. **Mr. Brunelle** explained the history of Craig-Wyden payments to the counties. His complete PowerPoint presentation is available from the Legislative Services Office. **Mr. Brunelle** went through the history of trends in payments to Idaho counties for timber and mineral extractions from 1908 through 2006. In 1908, Congress enacted a 25% shared receipts for schools and roads in counties with national forest lands. These receipts, which began to increase in the 1950's until the middle 1990's, were tied to the amount and prices for timber sold off the national forests. There was a lot of volatility in the amount of money coming in from forest receipts in the 70's and 80's. The 1990's witnessed a large run-up in revenue and then a decline in the late 90's as

timber sales decreased. Craig-Wyden was enacted in 2000, and in 2007 Congress passed a one-year extension to secure payments for rural schools.

Mr. Brunelle illustrated the distribution of Craig-Wyden payments broken down by county. He noted that Idaho, Shoshone and Valley counties receive several million dollars each year. The amounts received by other counties ranges from \$10,000 to just under \$1 million.

Mr. Brunelle pointed out that approximately \$2 to \$3 million is allocated to Title II payments that are held for five resource advisory committees (ARACs) to make recommendations for on-ground projects, such as health treatments, trail maintenance, growth, habitat improvement, etc. He explained Craig-Wyden also provides for Title III funds which can be used by a county for public service projects, such as search and rescue and other emergency services related to fire suppression, community forestry and conservation easement purchases.

Mr. Brunelle also illustrated the distribution of forest payments to Idaho's school districts. He said that approximately \$6.16 million was distributed to 68 school districts in 2005, ranging from \$1 to up to \$500 per student and from \$200,000 to almost \$1,000,000 between school districts.

Mr. Brunelle explained that the U.S. Senate passed an amendment in March that would reauthorize Craig-Wyden law with some changes in the payment formula. However, the amendment was attached to legislation that was vetoed by the President due to other funding provisions. Congress continues to work on the long-term reauthorization, based upon recommendations made by the National Payments to Counties Committee that was established in 2001 for the purpose of recommending long-term strategy for payments to counties. Changes have been proposed to add the number of federal acres there are in a county and the mean income level of county residents to the funding formula.

Senator Broadsword asked if the one-year reauthorization was going to make it through the process or possibly be vetoed because the source of the funding is not known. **Mr. Brunelle** said that the one-year payment was a part of the Emergency Appropriations Act that was signed by the President and will be forthcoming. **Senator Broadsword** asked if the distribution of the money will be reauthorized as it is currently written, or changed due to the fact that Oregon had not distributed its funds as intended. **Mr. Brunelle** said that he had not seen anything in the Senate amendment that indicated a change in the distribution formula. He added that a different formula was used for Oregon, California and Washington because 75% of the funds distributed nationally go to those states. There are several Congressmen who want to see more fairness in the distribution.

Representative Jaquet asked if the ARAC funding was still part of the formula. **Mr. Brunelle** said "yes." **Representative Jaquet** asked whether there would be more sustainability and more economic gain generated from the ARAC funding. **Mr. Brunelle** said that is the end goal because the ARACs retain the discretion on what kind of projects they seek to promote, such as funding forest health and trail maintenance.

Senator Broadsword commented that there was legislation recently passed that required that all

appropriations be tied to a funding source. **Speaker Denney** asked **Mr. Brunelle** for a ballpark figure on what the harvest would need to be on the national forest for the 25% fund to exceed what the counties receive under Craig-Wyden. **Mr. Brunelle** said he would do the research and provide some type of projection. He commented that the emphasis on fuel reduction and improving forest health has resulted in the removal of less valuable trees and thus less revenue. Also there is a diminished timber industry in Idaho and therefor fewer bidders.

Representative Roberts commented on the volume of timber sales and asked for information based on volume rather than payment. **Mr. Brunelle** said that the volumes in Idaho are approximately 80 to 100 million board feet of commercial timber currently being harvested off the national forests, compared to 500 million board feet that were harvested in the 1980s.

Senator Broadsword said that she understood that if Payments in Lieu of Tax (PILT) were fully funded, part of the problem would be solved. **Mr. Brunelle** said that PILT is separate administered legislation with its own history. PILT was authorized in 1976 and has never been fully funded. He stated that had the Senate amendment in March been enacted into law, PILT would have been fully funded and there would have been more payments coming to Idaho counties. Nevada is the state most reliant on PILT payments because of its massive amount of BLM lands. He said that PILT is for general county use. **Senator Broadsword** added that the county has the option to use PILT for whatever is deemed necessary, including roads. **Mr. Brunelle** agreed.

Representative Jaquet asked whether an identified revenue stream would be required to increase PILT funding. **Mr. Brunelle** said that the PILT appropriation is made on a year-to-year basis and is not a permanent appropriation.

Representative Jaquet asked if Craig-Wyden moneys operated on a “use it or lose it” concept, or whether the money rolls over yearly? **Mr. Brunelle** said that during the five to six-year period of Craig-Wyden, the money could roll over. There was a deadline of September 30, 2006, the ARAC’s had to make their recommendations.

Representative Roberts asked at what point in time, since 1906, did the expenses for the Forest Service budget exceed its revenues? **Mr. Brunelle** said the Forest Service used to be a net revenue-generating agency for the federal treasury. He believes that it was in the early ‘90’s that the Forest Service was no longer a revenue-generating agency for the U.S., which was driven by the suspension of the commercial timber program in Washington and Oregon. **Representative Roberts** said that this is the ‘crux’ of why we are even having this meeting. The national forest lands need to be managed with the goal of making a profit so there can be taxpayer relief and money available for fire suppression. He said he believes this a goal of this interim committee. He asked **Mr. Brunelle** if he would provide data, such as costs of fire suppression and some history on the revenues that have been produced.

Senator Broadsword presented a handout to the members that pertained to a billion ton report synopsis which had been provided by **Roger Seiber**. She explained this was information that was referenced by **Mr. Seiber** at yesterday’s meeting. She said that the report contains good information on biomass and

what can be achieved at the federal level across the nation. A copy is available from the Legislative Services Office.

Dick Smith, U.S. Forest Service Supervisor, was the next speaker. He addressed policy issues involving state and local participation in federal lands management decisions. His complete PowerPoint presentation is available from the Legislative Services Office. **Mr. Smith** presented a graph that illustrates Idaho timber harvest by ownership; federal, state and private, from 1947 to 2006. He noted as the progression moved into the late '90's and early 2000's, the federal volume in Idaho and the western states dropped off significantly, which directly relates to revenues. **Mr. Smith** said that land management litigation cases have had an effect upon the decline of timber harvests off Forest Service lands. Another factor is that the discretionary federal budget coming to the Forest Service has also been declining.

Mr. Smith stated that he doesn't believe the federal timber harvest will ever go back to the level as it was in the '70's through the 90's because of what has happened to the infrastructure in the timber industry business. This is reflected in the volume that is coming off the land and in the change in production. In the last ten years, there has been a huge shift in the timber industry, particularly to the Southeastern states because there is more private land in that area that is dedicated to timber production. Another reason is because in the South, the land is flat, with better growing conditions. There have been ongoing shifts in social and public values as to how to use the public lands. More people are moving into the west, bringing a variety of backgrounds and interests.

Mr. Smith illustrated the number of court cases that have been won, lost, settled, withdrawn and still being litigated from 1989 to 2002. He said that the Forest Service's win/loss ratio is slightly better than 50/50. He noted four federal laws account for most of the litigation: Administrative Procedures Act (APA), Endangered Species Act (ESA), National Forest Management Act (NFMA) and National Environmental Policy Act (NEPA). He said that at this point in time, most of their cases are lost in the National Forest Management Act and the Administrative Procedures Act areas of law.

Two charts illustrated the number of acres in the regions of Idaho, Montana, Utah and Nevada from 1908 to 2006 that have burned. He noted that in the year 2000, 2.75 million acres burned which prompted some changes in federal policy and legislation. As a result, The National Fire Plan was put into motion as well as The Healthy Forest Initiative which caused a shift in the focus of forest management towards treatment of insect and disease problems and high-risk stands of timber, particularly where the risk of wildfires is adjacent to urban interface areas. Another chart illustrated the management focus on hazardous fuel treatments, such as mechanical treatment and prescribed burning, with an increase from approximately 20,000 acres treated in 2001, to over 100,000 acres treated in 2006. He noted that if a better commercial value could be derived from the production of woody biomass, more areas could be treated with the revenues from that product.

Mr. Smith presented a chart that depicted the growing visitor use of national forests in Idaho in the past two decades. He stated that, as a manager of a discretionary budget, he has to be looking at how to manage the timber resource, reduce wildfire risk to communities and meet the growing recreational

demand. **Mr. Smith's** last chart illustrated the number of off-highway motorbike/ATV registrations in Idaho. He noted the number has grown from a few thousand in 1973 to 100,000 last year.

Mr. Smith highlighted several options for state and local involvement in national forest management, including: the stewardship contracting; State of Idaho Cooperating Agency on Idaho Roadless Rule; Valley, Idaho, Washington and Adams Counties Cooperating Agencies and the five Craig-Wyden Area Resource Advisory Committees (ARACs).

Senator Broadsword asked how much timber harvest will increase and whether there are any hard numbers for future planning. **Mr. Smith** said that every forest has a forest plan that has an allowable sale quantity (ASQ) ceiling. He said that the ceiling number is a hard number, setting the upper limit. Each of the individual forests in the state revises its plan periodically.

Senator Broadsword commented that biomass and the small diameter wood is not part of the equation and asked if there was a way the Forest Service could change its procedures to include the utilization of those wood products in the harvest plans. **Mr. Smith** said that could be done right now. It is an economic issue of whether biomass and small diameter wood has value. The cost of removal could be greater than the value received.

Senator Broadsword asked whether a stewardship contract could be included in the harvest plan which would pay for removing that small "stuff" and increase what is available? **Mr. Smith** said "only in part." Stewardship contracting does give the Forest Service leverage, but it is still predicated on commercial economic value. He added that stewardship contracting can be offered for ten years, which gives industry a greater margin to play the market and ensure a flow of product. He stated that there need to be more markets that put economic value into that material.

Pete Johnston, Adams County Biomass Facilitator, stated that it is his understanding that there are only a few stewardship contracts that extend ten years, nationwide; businesses need some kind of guarantee that there is going to be a supply that will encourage them to invest in equipment, etc. He asked why there haven't been more stewardship contracts in this area. **Mr. Smith** explained that it goes back to the issue of litigation and challenges. Some large stewardship projects have been successful. However, they have also become the "bull's eye" for some of the environmental groups who don't want to see active aggressive forest management. In Idaho, the Forest Service works very well with the environmental groups which seldom appeal the Forest Service projects. **Mr. Johnston** commented that the project under construction near Cascade would be an ideal place to make application for a stewardship contract.

Senator Broadsword asked if it would be possible for community or county groups, formed in collaboration to provide oversight of a ten-year stewardship contract, to parcel out the biomass as needed to feed a project, instead of leaving the responsibility up to an individual purchaser. **Mr. Smith** said that is definitely an option. What needs to be done is find an entity, such as RC&D, that has enough organization so that it can actually follow through with the federal contract. **Morris Huffman**, West Central Highlands, RC&D, commented that there are some entities throughout the state that have

engaged in similar contracts.

At the request of **Representative Roberts**, **Mr. Smith** presented a map showing the current fire situation in Idaho, particularly in the Yellow Pine and Warm Lake areas. **Representative Roberts** asked how many acres were threatened in the Boise and the Payette National Forests. **Mr. Smith** said that currently there were about 100,000 acres on fire in each forest. **Senator Broadsword** asked what the strategy would be in the next six months after the fires are out for salvaging timber. **Mr. Smith** said that there will be at least 100,000 acres of burn in the Boise National Forest. He said that he will be looking to salvage any of the area that is in his forest plan for 2003, which identifies areas that are open to commercial timber harvest. He added that the vast majority of acres that are burned here are inventoried as roadless. They are roadless because they are steep, rocky, have limited timber and won't be salvaged.

Representative Jaquet reiterated that the roadless areas would not have been harvested in the first place, because of the rocky terrain, etc. **Mr. Smith** stated that 50% of the Boise National Forest is rugged. He said that the roaded areas are where to look for managing biomass. He further stated that 50% of the Boise National Forest (nearly 1.3 million acres) is developed ground, with a lot of biomass and fiber.

Ron Litz, Assistant Director, Forestry & Fire, Idaho Department of Lands (IDL), was the next speaker. **Mr. Litz** addressed the status of the current fire season on state lands and state land management issues. His complete PowerPoint presentation is available from the Legislative Services Office. **Mr. Litz** stated that wildland fire protection in Idaho is the responsibility of each landowner. The federal agencies have elected to provide their own protection. Most of the private landowners and state lands have elected to have IDL or a protection association provide fire protection. A map depicted the areas in Idaho that IDL is responsible to protect. He gave a breakdown of the IDL's equipment and personnel. The IDL does not have the personnel and the equipment to manage large fires; they rely on the federal agencies, sister state agencies, inmate crews, the Canadian provinces and rural fire districts to assist them through interagency agreements.

Mr. Litz noted that for the last twenty years, about 350 fire occurrences had started on August 10. He said that about 55% of their fires are caused by lightning. Others are attributed to debris burning, campfires, smoking and miscellaneous, etc. He presented maps showing that for the last twenty years between August 7 and August 13, the majority of fires occurred in the Clearwater area, McCall, Southwest Boise, and around the Coeur d' Alene area. **Mr. Litz** noted that IDL's goal is to suppress 94% of fires below ten acres. He stated that so far this year 213 fires have started in the IDL's protection areas; the annual average is 226, putting 2007 one month ahead of schedule. Over 62,000 acres have burned so far this year, compared to a 2,000 acre annual average. **Mr. Litz** said that we are experiencing historically warmer and dryer conditions. Parts of the state have set record high temperatures. Lewiston has been 9 degrees above normal in some instances this past summer and has been far below its normal precipitation levels. A chart illustrated that the fire danger is "off the charts" this summer for Northern Idaho and Northwestern Montana.

Mr. Litz provided a satellite photo as of August 6, 2007, highlighting several areas that have had

extensive fire loss. The costs allotted to those fires were identified. The Chimney Complex, with 51,000 acres burned at a cost of \$6 million, had 100% IDL protection. This fire grew out of three lightning caused fires. As of August 8, 2007, \$9.4 million has been spent on the Poe Cabin fire, and much of that cost was incurred to protect private property.

In response to a question from **Representative Jaquet** about fire suppression cost responsibility, **Mr. Litz** said that if a region is within the IDL's protection area, the IDL will fund all of the protection costs. He said that the state and private lands are primarily on the west side of the state, prevailing winds in Idaho are from west to east, so usually their fires spread eastward toward Montana. **Mr. Litz** said that typically toward the end of September, as we come out of the fire season, IDL will assist California with its fire season.

Representative Roberts asked if we could anticipate a substantial supplemental appropriation this year for fire suppression. **Mr. Litz** agreed that would probably happen.

Senator Broadsword asked **Mr. Litz** what the costsavings would be by keeping the damage under 10 acres, versus fires that end up costing \$6 million. **Mr. Litz** answered that hitting the fire early pays dividends. An example is the Echo Springs fire, which IDL hit very quickly and aggressively and which cost \$450,000.

Senator Stennett asked who would do the forensics on the St. Maries fire that took place on private industrial land to determine what the fire cause liability was. **Mr. Litz** said that IDL will do the investigation and will bring in outside experts, if necessary.

Senator Broadsword, referring to the high fire danger in the Lewiston area, asked whether part of that forest had major insect problems and, thus, more "tinder." **Mr. Litz** said that in the Chimney Creek and Poe Creek areas, there are a lot of range lands with sagebrush interfaced with timber and a lot of cheatgrass. He commented that today, with these conditions, it doesn't matter where a fire gets started, "it goes." **Senator Broadsword** asked if it was harder to control those areas where there is much more fuel on the ground and where the federal land hasn't received the treatment that the state land has. **Mr. Litz** said that various fuel types are going to burn the same regardless of where they are located. He said that he is not sure what they are actually running into on the ground.

Randy Eardley, Deputy Chief of External Affairs, BLM Office of Fire & Aviation, working with the National Interagency Fire Center (NIFC), was the next speaker. **Mr. Eardley** addressed the status of the current fire season and presented national trends that apply to Idaho as well. He said, along with a drought and record high temperatures, there have been widespread dry lightning storms, which tend to ignite many fires in more remote areas. He said that this year, to date, there have been 58,656 fires nationally that have burned 5.5 million acres, which is 4,000 fires and 1.5 million acres over the ten-year average. He said that the NIFC is seeing the fire seasons getting longer. Nationally, new construction is occurring in the wildland/urban interface areas, which makes fire fighting more expensive and complex. He noted that the need to devote resources to the wildland/urban interface areas causes the rest of the fires to become larger.

Mr. Eardley said that nationally, from 1960 to 2000, not more than 7 million acres had been burned annually. Since 2000, the 7 million acre threshold has been surpassed five times. The annual average now is between 8 and 9 million acres per year. In Idaho, 1.3 million acres burned in 2000, followed by a lower trend, but picking up again in 2005 to 442,000 acres. In 2006, 933,000 acres burned and in 2007, over a million acres have burned. To date, 14 fire incidents in Idaho have cost \$62 million of federal funds. However, only 11 primary residences have been lost.

Mr. Eardley explained that nationally 95% of fires are suppressed within a twenty-four hour period. He said that much of that is due to the local partnerships that NIFC has with local communities and fire departments, etc. He said that in the last five years, the federal government has put \$5.4 million into a rural fire assistance program that assists the local agencies with equipment, training, etc. The federal government has also worked with local communities on wildfire protection plans.

Representative Jaquet commented that it was her impression that one of the reasons the fire south of Shoshone was effectively controlled was because of a fire protection plan. She commended **Mr. Eardley** for the leadership and direction his agency has taken, which is paying off. **Mr. Eardley** commented that the program in Southwestern Idaho was really beneficial because it brought a variety of interests to the table to work jointly on problems and concerns. **Representative Jaquet** commented that every time there is an incident, there are people that come together right afterwards and talk about what went well and what did not, which is a very good process on the implementation of the plan.

Representative Roberts asked whether there were areas in the state where resources were dedicated while in others less of an effort. **Mr. Eardley** said that the short answer is “yes.” He said that there are several different layers of response to a fire, which are based on a set of priorities. At the local level, as a fire becomes more complex, the response is to move to a regional level. Nationally, there are eleven regions. Once a fire achieves regional status, there is more access to crews and equipment, etc. The next response would be at the national level. He said that the NIFC has fire management plans covering almost every available acre in the country, intertwined with the land use plans that also identify priority areas.

Representative Roberts referred to the policy to let specific areas burn that could be controlled and why we even have the resources if the policy is going to be to let it burn anyway. **Mr. Eardley** replied that the NIFC has to prioritize its resources by fighting fires which threaten homes and communities but not in more remote areas, based on the available resources. Some fires have a beneficial use and are allowed to burn while being monitored. **Mr. Eardley** gave a recent example of a fire in Washington State where after a few days the fire managers knew they lacked the ability to stop it until the season ended; so it was left alone. **Mr. Eardley** said that the federal government is in the midst of an evolution in its thinking. The policy of putting out every fire leads to an overgrowth of fuels. Fires may have a natural role in preventing the accumulation of fuels.

Senator Broadsword asked if the change in the use of the national forests from harvest and wood extraction to recreation and other uses has increased the incidents of fire. **Mr. Eardley** said he did not have a definitive answer, as it was not in his area of expertise. **Senator Broadsword** saw a correlation

between the fact that six of the highest incidents of fires have been since 1996, six years after we stopped actively managing the national forests. **Mr. Eardley** said that was a matter for discussion.

Senator Stennett asked, given a shortage of seed, when rehabilitation was expected to begin in the Murphy, Idaho area. **Mr. Eardley** said that the rehabilitation has already started. He explained that the lack of seed is due to a limited number of available sources from which to purchase seed. He further explained that when there are a lot of fires at the lower elevations, the sources for seed are strapped.

Senator Stennett asked what will happen to the ground if an area is not reseeded. **Mr. Eardley** said that even when they reseed with native grasses, cheatgrass is very aggressive and can take over rapidly.

Senator Stennett asked what accommodations the BLM will make to provide rangeland to feed livestock this winter. **Mr. Eardley** said that he doesn't make those decisions.

Representative Roberts invited guests and interested parties to share their comments.

Senator Heinrich said that one-half of the Craig-Wyden money coming to Idaho is going to three of the counties in his district. It is vitally important to the schools and the roads and bridges in Valley, Idaho and Clearwater Counties. He said that there is a need to develop trusts for management of federal lands.

Phil Davis, Valley County Commissioner, addressed the committee. He said that he has served on the Board of Directors of the National Forest Counties and Schools Coalition since its inception in 1997. The board was formed primarily to discuss the loss of timber receipts and the resulting hardship placed on counties and schools in the northwest and nationwide. As a result, a delegation in Idaho carried legislation, which became the Craig-Wyden Act.

Mr. Davis commented on the one-year reauthorization of Craig-Wyden and stated that the counties and schools would prefer the five-year reauthorization, which is currently held up in Congress. The Senate had language to reauthorize it for another five years but the House could not concur, because of offsets and because of the mandatory PILT funding that was included in the Senate version. HR 3058 is the five-year reauthorization which is very similar to the Senate language, but currently there is still partisan politics involved. He said that because this bill may not survive on its own, there is some discussion in Washington that it could be attached to another bill. **Mr. Davis** said that if the Senate bill passes, Idaho could receive about \$40 million.

Mr. Davis said that somewhere there will have to be a long-term solution other than federal funding. He said that, in his opinion, it is going to take a broad change in public land management. He referred to Patrick Moore, founder of Green Peace, who agreed that every acre cannot be managed for every purpose and agreed that maybe we are not going in the right direction. Brandon O'Toole, a past active member of the Sierra Club, has suggested that the best alternative is to manage some of these lands in a trust with a beneficiary who has the best interest of the land in mind.

Speaker Denney asked how Idaho could get this active management off the ground. **Mr. Davis** said that in order to bring interested parties together, like the tribes and environmental groups. It is going to take a cooperative effort. He said that the Nez Perce Tribe is not happy with the way the management is going and has indicated that it is very willing to work with the Idaho Legislature to implement a change in

forest land management. He said that the Tribe has actively managing its forests and is a viable lobby in Washington, D.C. **Mr. Davis** believes that the Tribe is a great asset.

Jane Wittmeyer, Idaho Forest Association (IFA), said that IFA supports the efforts to increase the amount of fiber available. However, she said that IFA will discourage subsidies for biomass use that would compete for the biomass that is available, since it will only increase demand without increasing supply. When that happens, the price goes up. The association is also concerned about efforts that would take the Department of Lands away from their main mission of managing endowment lands for the benefit of the children in Idaho schools.

Ms. Wittmeyer said that they would encourage this committee to take a good hard look at a collaborative process to manage the forest service lands and seek authorization to manage lands for the benefit of the counties. The association is looking for partners who are willing to work with the counties, tribes and local communities to put together a collaborative process in order to more actively manage the national forests on the roaded fronts.

Jay O'Laughlin, Ph.D., University of Idaho, College of Natural Resources, said that he would help in any way that he could and he said he would be putting together a package of information that will be forthcoming to the members.

Morris Huffman, West Central Highlands RC&D, commented that the important issue here is state and federal collaboration on providing management for the areas that are manageable. He said that there is a tremendous infrastructure in place and a tremendous amount of investment in planning for gaining these areas back, which will be lost without management. He suggested that this committee could be the catalyst for getting the state and the federal government together to discuss what kind of sustainable harvest would be available. He suggested to consider looking at the RC&D's in the state for assistance. There are nine councils in the state that have a lot of local influence. He said that it is a large task, but it needs attention now.

Mr. Seiber said that the members of the Western Legislative Forestry Task Force had summarized steps to increase biomass energy production: 1) Establish marketplace incentives to expand energy production from biomass; 2) Establish credits for environmental and social benefits provided by the biomass industry; 3) Accelerate the careful removal of excess fuels from public forest lands; and 4) Restore the balance of federal tax credits. He said that he would offer his services as a clearinghouse or resource, because the Task Force has had an opportunity to see what is occurring in many other states such as California, Oregon, Montana, Washington and Alaska, which may be helpful to the Interim Committee.

Brad Smith, Idaho Conservation League (ICL), said that the League's approach is to work with local people, the Forest Service and other agencies. This approach is a more effective way of doing things and it also provides an opportunity to establish long-term fruitful relationships that, in the end, are more productive. He suggested that collaboration means taking the time to be committed to the process. He said the Idaho Conservation League is supportive of fuels reduction projects in the wildland/urban interface. He suggested that the urban interface areas should be a priority for woody biomass. **Mr. Smith**

stated that the purpose of their organization is to advocate for the natural landscape outside the roaded areas. However, the League does not want the forest to be managed for small diameter trees.

Senator Broadsword asked how the ICL feels about the air quality aspect of major fires that are caused from nonmanagement. **Mr. Smith** said that his organization believes that most of the air quality problems in the Treasure Valley are attributable to automobiles. Consequently, the transportation issues are what need to be addressed in terms of air quality. He acknowledged that smoke from fires has caused air quality to drop to poor quality levels. The League also believes that fires are a natural tool that helps to clear insects and disease and reinitiate forest succession. The League believes that there are appropriate places to suppress fires, as well as appropriate places to allow them to burn.

Mr. Maynard said that in the short term, counties have to go to Congress and buy some more time to maintain revenue for roads and school, because there is not an overnight, dramatic long-term solution. In the long term, the focus and theme need to be restoring and improving the land base for a sustainable ecosystem and economy as opposed to just generating a revenue or extracting commodity value. He said that this has the potential for bipartisan consensus and is the key to an overall long-term economic and environmental solution. He agreed that an economic driver is needed. More and more revenue sources that are market based are needed. Consequently, we need to look beyond the traditional forest products to things like biomass, which is not to exclude continued commercial harvest or more advanced forest products. But looking at the biomass energy addition would help add to the balance in terms of revenue. He said that the geothermal or other energy source sites should be looked into as well. Recreation is another use that can be part of a diversified revenue base that is consistent with long-term ecosystems.

Mr. Maynard said that consideration could be given to bringing something to the table for the federal agencies. It is in the best interest to work with them, not against them. He said that biomass and other potential revenue drivers appear to be very key to tax and other regulatory policies. This could be an area where the Legislature could work on reducing barriers and increasing incentives for a market for these types of uses without subsidizing or distorting current markets. He suggested that the state of Idaho, with 5% of the national forests, could serve as a pilot project. Part of the key would be to stay out of the roadless special designation areas and focus on the more productive available land.

Representative Jaquet said that on the other side of the equation that hasn't been discussed is the economic picture: what the public service needs are, how many school districts there are and the shrinking ADA, which is shrinking because there is no economy in timber. She said that Craig-Wyden is approximately 40% of Idaho County's highway budget. She would be interested in knowing if there are incentives that the state could provide to help with looking at some of those services. **Representative Jaquet** said that she would like to see legislation incentivizing biomass like that which recently passed in Oregon and Montana. She understands the market base and supply issue, but also believes that there is a role for state government in assisting economic development. The short-term solution is to extend Craig-Wyden. Maybe more needs to be done to coordinate with Congress by providing information.

Speaker Denney said that foresters have told him that the national forest in Idaho is growing 1 billion board feet per year, of which 12 million is harvested; the maximum harvest on the Boise National Forest

is 40 million board feet. There are 762,000 cf of dry tons; that is a sustainable amount that could be taken out every year for at least the next 22 years, just by thinning. **Speaker Denney** commented that it is evident that the fuel load is increasing greatly every year; and we have to question whether we are going to allow it to burn. Those in the environmental communities have said that a lot of carbon is released into the atmosphere from forest fires and nearly one-half of the carbon emissions, worldwide, are from forest fires. The best way to sequester carbon is to “grow” it into trees and harvest the trees into “2 by 4’s” where it is sequestered for a long time. **Speaker Denney** said that he believes that a market for biomass could be created. He thinks this could be done at the state level but that caution needs to be taken so that the price isn’t driven up so high that it would be out of the range for the Fuels for Schools Program. He thinks the trust approach with one or more of the tribes is worth pursuing.

Senator Stennett believes that value, rather than access, is the issue regarding biomass. He doesn’t know what the state can do to make it more valuable. If it is an access issue, Idaho can do what it can on the lands that it controls. At the federal level, Congress could be petitioned for a pilot project. He likes the idea of recommending a renewable portfolio standard for all alternative energy, whether that is wind solar, geothermal or biomass. He suggested that the focus be on the roaded areas, and prove this can work before anything else is done. It is very important to move forward but he is not sure what can be done at the state level to incentivise biomass enough for it to “make sense.” He said that an investment tax credit is on the table.

Senator Broadsword said that, in her opinion, “the haze on the horizon” is a waste, even if it is natural. We are a “user nation,” and if we are going to continue to use, then we need to produce. Trees are a renewable resource, just like any other crop. She provided copies of the legislation that had been discussed and asked the members to particularly review the Montana legislation, which is fashioned after Oregon but less comprehensive, to determine if it would be appropriate for our state. Copies are available from the Legislative Services Office.

Senator Broadsword said she would like to have representation from the tribes at the next meeting who could talk about a cooperative agreement. She believes the environmental community must be part of the discussion. She said that if we can make incremental changes through “baby steps,” then we are moving forward in a positive manner. She likes the idea of alternative sources for biomass, including yard and construction waste, for burning in power plants, instead of sending it to a landfill.

Representative Roberts said that one of the necessary components of biomass usage is that it has to be a sustainable, certain supply. As the product is developed through the market, and the market and the price are established, the transportation issues will be solved. He said that he is intrigued about the trust approach, which will take a bold, bipartisan move and require the input and participation from both the conservation groups and the tribes. He welcomes and encourages their participation. He would like to include on the agenda for the next meeting representation from the conservation groups and the tribes so that they are part of the discussions. **Representative Roberts** said that the state has responsibilities. Federally, there are changes that will be necessary, in the form of either a trust or pilot project, which will require a request. The business community needs to be involved as well. The vision that he has had is a plan that permits buy-in by all stakeholders. He would like to circulate that plan around to other

states that are dealing with the same issues. This group of states could then approach the Congress with a solidified plan. He said that it is going to take a lot of work and time, but maybe the catalyst for this is doing something here in Idaho.

Representative Jaquet said she would like to include the concept of having a technical go-to person. **Senator Broadsword** said that Jay O’Laughlin will be providing that information to the committee. **Mr. Davis** commented that he definitely believes that the state can play a very influential role in this area. **Brad Smith** commented that he would like the Legislature to provide incentives to private landowners to encourage the maintaining of working private timber lands instead of selling to developers who turn that land into subdivisions. **Senator Broadsword** suggested that it would be very beneficial if he would partner with **Jane Wittmeyer** who is working on similar issues. **Mr. Smith** said that the Nature Conservancy is heading that effort.

The meeting was adjourned at 3:15 p.m.