

Representative L. Denney, Co-Chair

Senator C. Winder, Co-Chair

Dear Members of the Legislative Federal Lands Committee:

I am submitting these comments on the federal lands issue. Both the issue of land ownership and the more important issue of land management are discussed. This is an issue of major importance and economic health for our rural communities. No solutions have been found in the last 25 years. We need a multi-pronged approach to fight for better management, more state control, and if politically and legally possible, state ownership.

FEDERAL LANDS – STATE CLAIMS FOR SALE OR OWNERSHIP OF FEDERAL LANDS ARE REMOTE

Legal Case- Idaho's Admissions Act sets forth the terms and conditions of Idaho's admission in the union. In that act Idaho disclaimed all interest in other federal lands within the State exchange for the terms and conditions for admission into the Union. Although other States may have claims or were treated differently, the language in various admission acts differ, and States from the Dakota territories, the Washington Territory, and Utah Territory contain different language. No court has ever ruled any State is entitled to federal lands within the State. For a discussion of the federal case law and US Constitutional provisions granting Congress authority of federal lands, see Article IV, Section 3, Clause 2 of the Constitution.¹ Neither the equal footing doctrine, the Admissions Act, nor any Congressional Act provides any legal basis for State claims of federal land ownership. The 1976 FLPMA was to cease disposal of federal lands. Despite a clear legal path, some other States were ceded more lands and this should be pursued as one possible legal/political solution.

Idaho's Admission Act envisioned sale of federal lands from which Idaho was to receive a small percentage. This would place some funds in state hands and may result in multi-national companies owning large tracts of Idaho lands. The Admissions Acts contemplated sale not grants of lands to the States. The best alternative appears to be a coordinated effort by similarly situated western States to return some lands and cede management control to States with input by local stakeholders.

Federal lands are mis-managed. The lack of dependable timber supply, lack of multiple use management, and the failure to log, thin and reduce fuel load in suppressing insects and disease has negative consequences for surrounding private and State forests. The lack of a steady dependable timber supply, and inability to tax federal lands has destroyed the rural lumber manufacturing economy, limited educational funding, and resulted in job losses and inadequate government funding.

¹ See Congressional Research Service Report for Congress: Federal Land Ownership: Constitutional Authority and the History of Acquisition, Disposal, and Retention. Dec. 2007.

THE ECONOMIC CASE FOR BETTER STATE LAND MANAGEMENT IS COMPELLING

Idaho has 32,597,631 acres in federal ownership for which it receives PILT (payments in lieu of taxes). In 2013 Idaho Counties received \$26,326,163. The average payment statewide was \$.808/ac [\$.81]. The federal government lands are exempt from real estate taxation, land use controls, and are subject to continuing mis-management. Idaho’s Admission Act envisioned sale of federal lands from which the State gets a small percentage.

The inability to tax federal forest lands and the inadequate PILT payouts adversely affects education funding and government services in rural Idaho.

Federal timberland is not managed for multiple use or rotational harvest. The US Government has not been a good steward of northern Idaho forest lands. Management policies and budget imitations from Washington DC do not result in good land management. You cannot have good forest management run by political and environmental interests outside of Idaho.

FEDERAL MISMANAGEMENT DESTROYED RURAL IDAHO LUMBER MANUFACTURING

Research studies indicate public lands are much less productive than privately managed forestlands. About 62% of Idaho is in federal ownership. If these lands were either State managed or in private ownership, the lands could be better managed for timber production that would boost logging, lumber production, and improve the rural economy and employment in Idaho. Having such a large percentage of federal ownership results in a waste of forest resources when these lands are mis-managed. The lack of timber harvest has destroyed rural lumber manufacturing jobs. Federal ownership limits the real estate tax base. These effects have severely harmed the rural County economic base. Forty years ago there were 14 lumber mills in Kootenai County, now there are two.

Just the impact in property taxation is a negative drag on the rural County’s economy. PILT payments for 2012 on panhandle Counties are shown in the table below.

PILT Payments (2012) by County			
County	Federal Acres	Payment	PILT \$/AC
Benewah	43,023	\$57,167	\$1.33
Bonner	454,843	\$528,602	\$1.16
Boundry	475,622	\$161,550	\$0.34
Kootenai	241,943	\$565,961	\$2.34
Shoshone	1,227,088	\$416,795	\$0.34

The payments in lieu of taxes [PILT] vary from \$.34/ac. to \$2.34/ac. for panhandle Counties. Real estate taxes for private timberlands average about \$4/ac. so government services and the tax base suffer with large federal land ownership. Private and State timberlands generate more products, lumber manufacturing jobs, and wages than federal lands. These dollars are recycled through rural communities. Federal timber is not harvested; it burns or dies from insect infestation. This is the worst economic result.

For those that desire to see forests capture carbon from the air, the best way is to harvest trees and use the lumber. Allowing federal timber to burn in super-hot fires puts carbon back into the air.



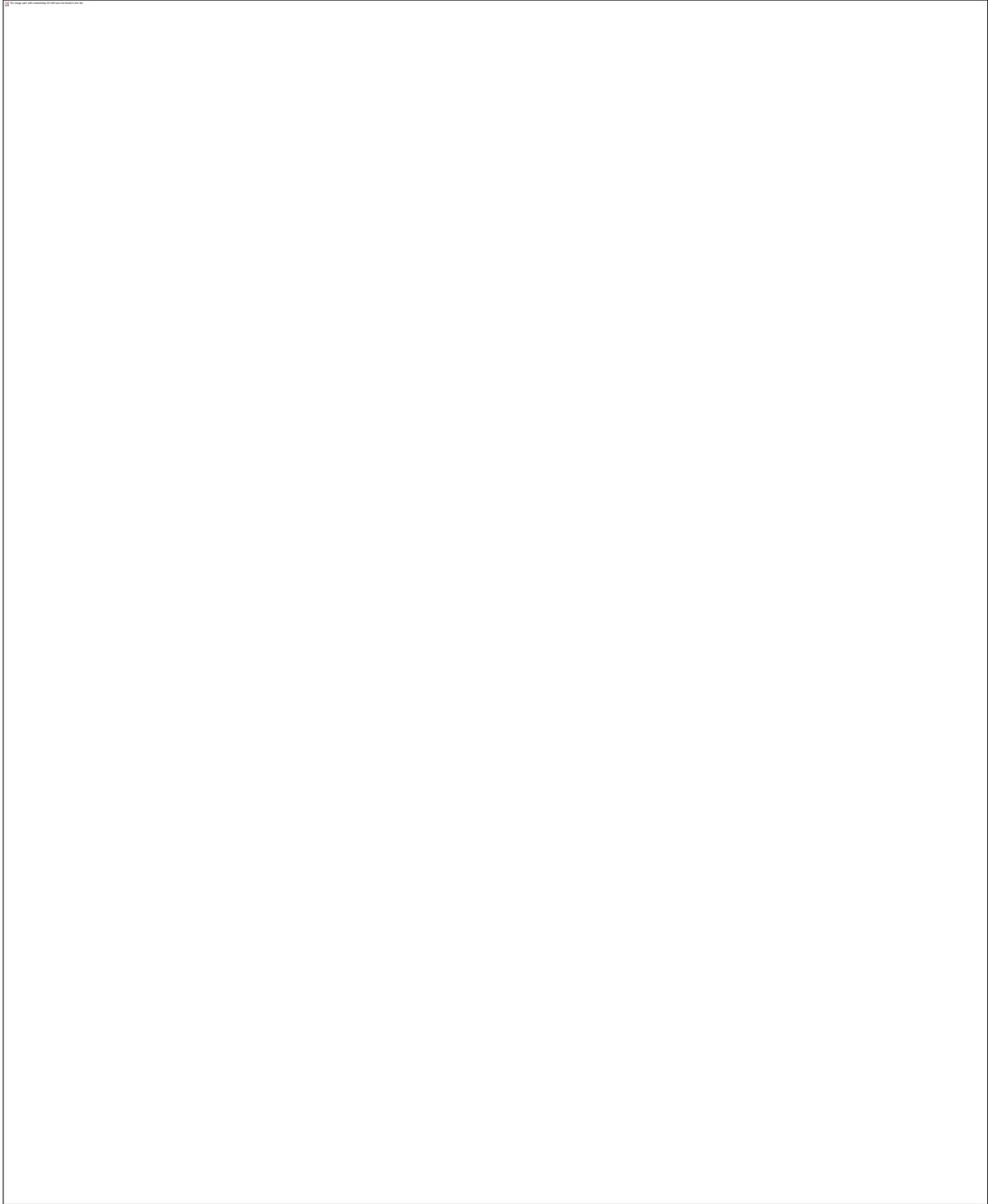
Numerous studies have analyzed the large difference in productivity and revenues from private versus public timberlands. Forest lands generate revenue from County taxes, State and federal income taxes, wages generated for logging and lumber processing jobs. Income from wages and profits gets re-cycled through rural communities. For each lumber manufacturing job, about 3 additional jobs are created in the community and all the manufacturing jobs bring money into our rural communities, which is re-cycled.

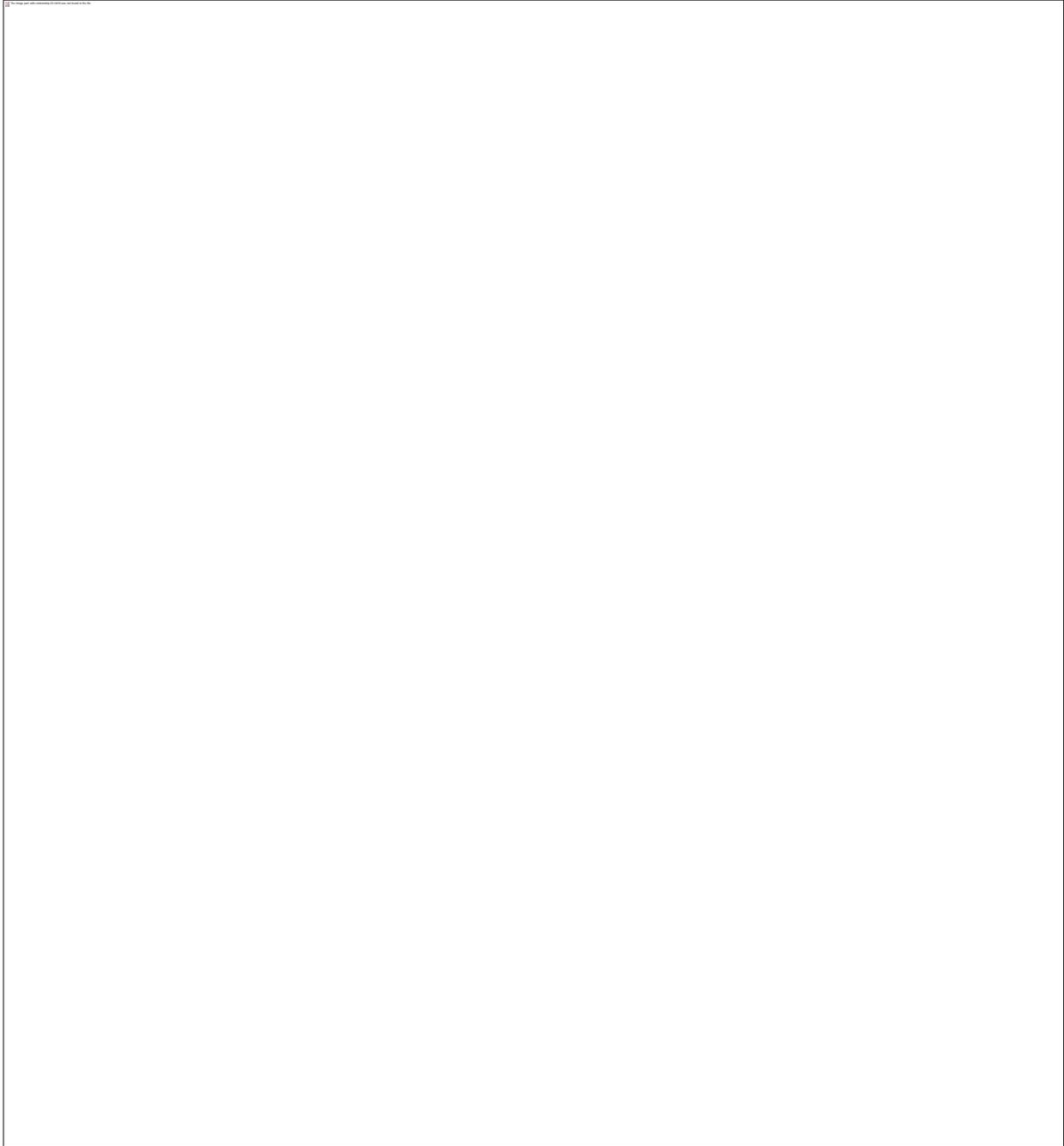
A 2009 study² compared payroll per acre and State taxes per acre of private versus public forestland and found that Idaho generates an average of \$67.08/ac. for all forestlands, while private forest lands generated **\$344.57/ac. in payrolls and \$3.58/ac. in State taxes (on income and wages)** for the largest difference in public/private payroll gap for any of the 29 states with commercial forest lands. [See table 5.1 in the 2009 forest to Market Report, ftn #2].

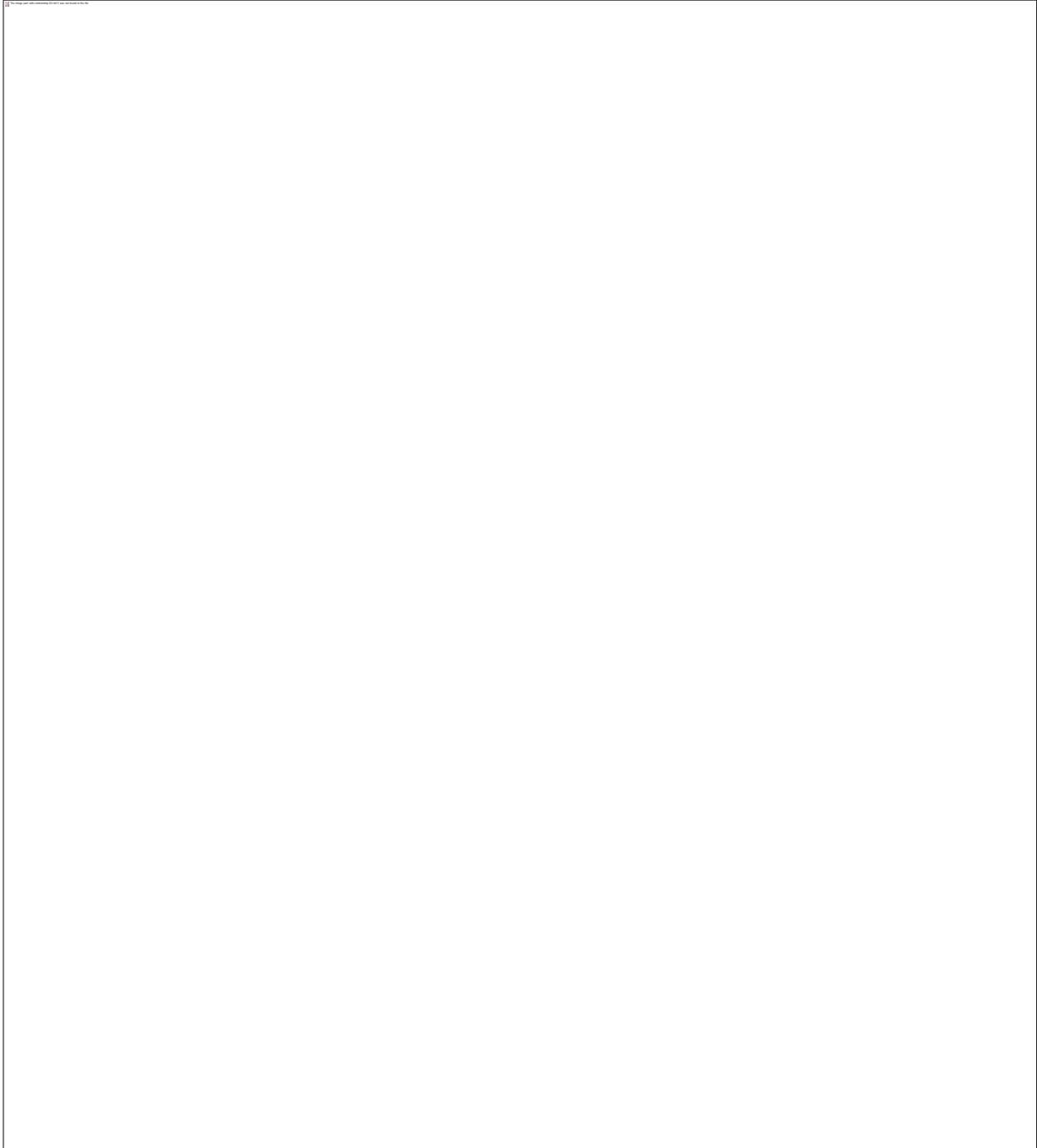
The following table shows the economic contribution of all forestlands by State.³

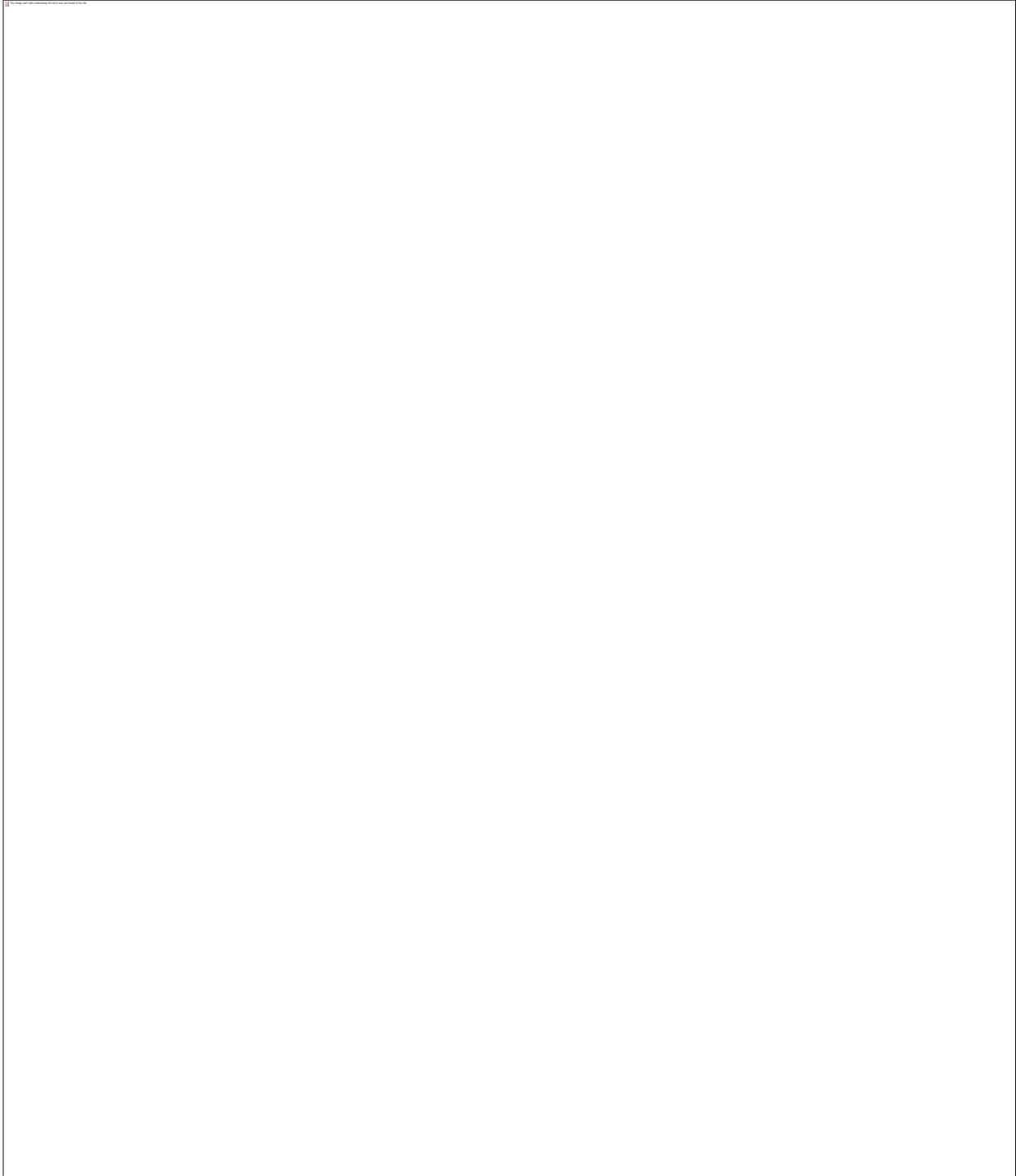
² The Economic Impact of Privately-Owned Forests, by Forest 2 Market, National Alliance of Forest Land Owners, 2009.

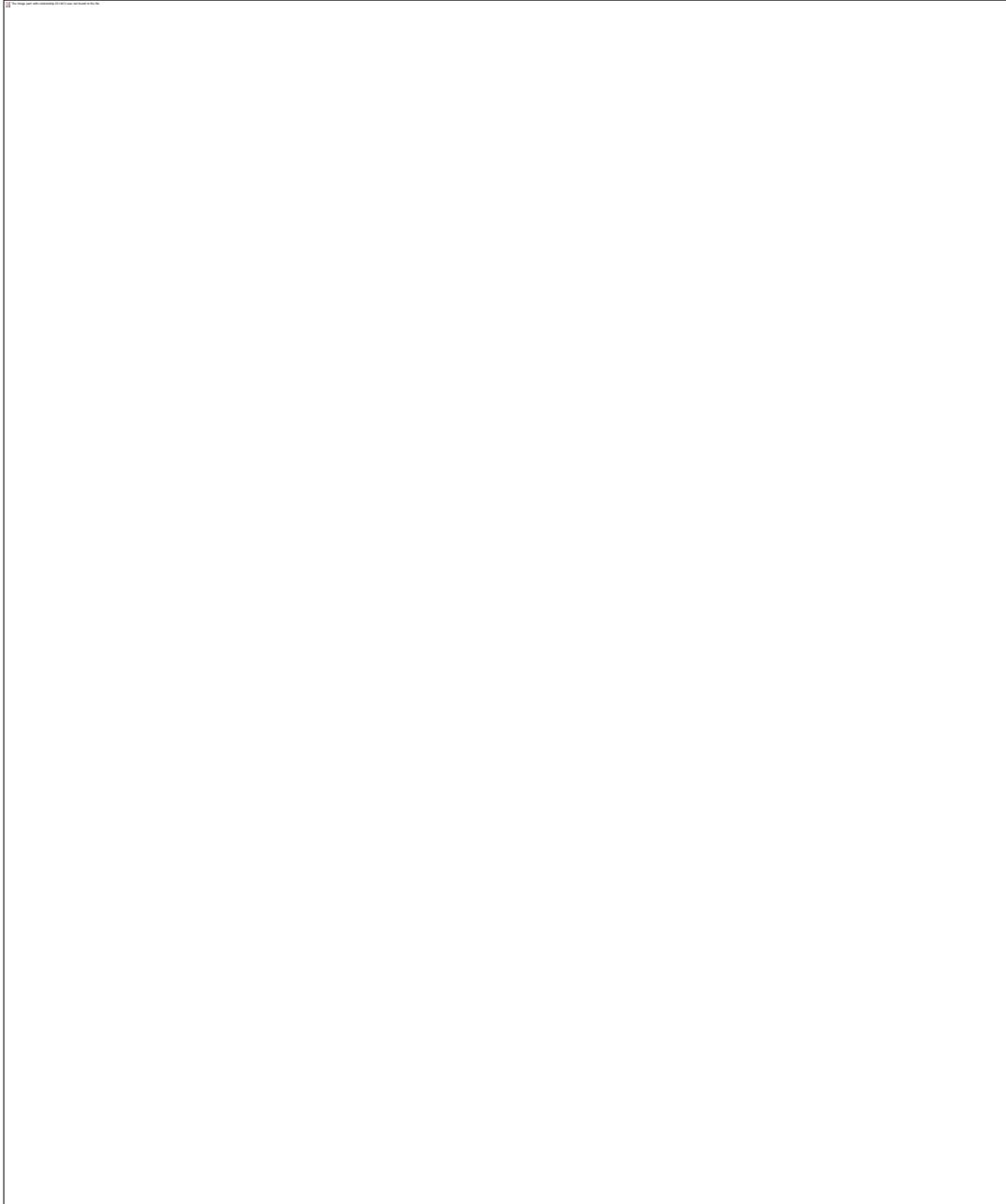
³ Economic Impact of Privately Owned forestlands, infra.







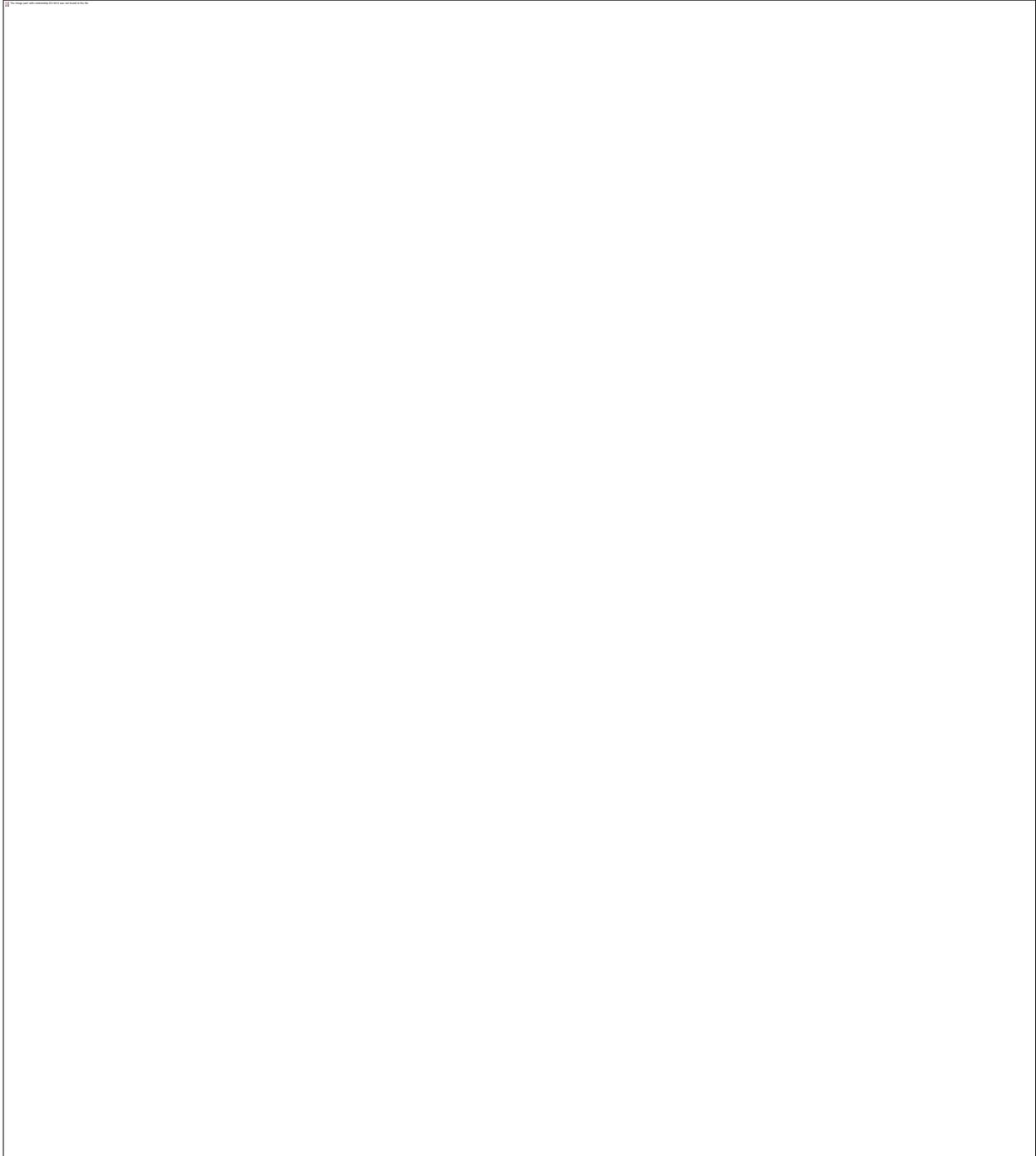




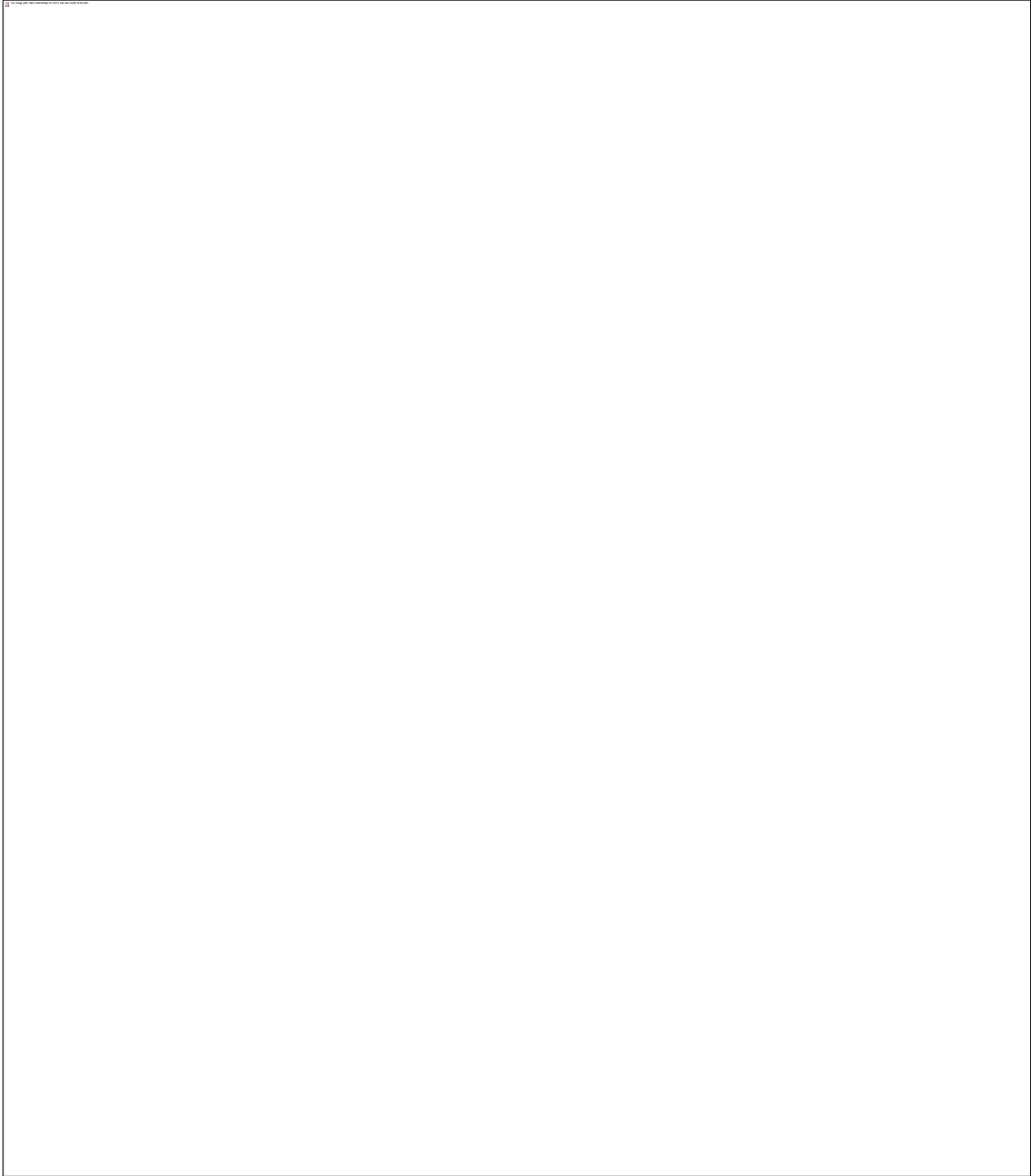
Note almost all employment is concentrated on the private land base, not the public land base.

In Idaho, we generate 6.4 jobs per 1,000 acres in private forestlands, while public forestlands generate .4 jobs per 1,000 acres! The economic difference is huge. These studies show the huge negative economic impact from current federal land ownership and poor federal *land management policies*.

These economic problems are more acute in Idaho because of the low population, a high rate of federal land ownership, and few alternative rural manufacturing jobs. The PILT payments are totally inadequate to fund education and government services in rural Counties.



In Table C-3 above, note the huge disparity of sales and productivity from public-owned timber lands in Idaho compared to private timberland ownership. The economic difference in sales between public and private lands is about 50 to 1, \$569/ac verses \$10.01/ac. This difference is largely from a lack of logging, lack of management, lack of timber sales, and the ability for anyone to appeal a federal timber sale. The result is a loss of economic contribution from federal timberlands to the rural Idaho economy.



In table C-4 above, note the huge difference in GDP and manufacturing between private and public lands in Idaho. The disparity in Idaho is about as large as any forest land State in the country.

A CHANGE TO THE STATUS QUO RAISES MANY COMPETING INTERESTS

Any attempt to improve the poor federal management will raise problems that need to be addressed on mining claims and mineral management, tribal claims, and water rights on federal lands. These issues need to be resolved sooner or later. The federal government has done little to solve these issues. The appeals process for timber sales needs to be changed. Recreational interests, forest access, wildlife management all need to be respected at the State and local level. The federal management system has largely failed. Forest lands must be logged, thinned, and managed to reduce fuel loading. Wildfire risk is not diminished if all timber sales are appealed and there is no fuel reduction. Pine beetle infestations abound on federal lands. Private forest land owners thin their lands and remove diseased trees. The difference over decades for the rural economy is huge.

SUMMARY & SOLUTIONS

- *Pursue multiple courses of action, not a single litigation or political solution.* More State and local control is better than the current federal control and ownership condition. This matter has been ignored for decades and will require a sustained effort for many years. It is too important to risk a single solution that may not succeed.
- We must have better multiple-use timber management, rotational harvesting, thinning, and insect controls on the federal forest lands. We must restore more federal timber harvesting to assure forest health, disease control, and to reduce fuel loading.
- Federal land ownership contributes little to the Idaho rural economy. Privately managed forestlands are up to 50 times more economically productive. State control of federal lands needs to be weighed against private ownership.
- Because of the large federal land ownership in rural Idaho, rural government and schools are starved for funding. PILT and SRS programs are inadequate to compensate for the unproductive federal lands.
- Idaho is one of the most adversely impacted States economically by this federal land mismanagement and high percentage of federal ownership.
- High fire suppression costs, up to \$200 million/yr, would burden State ownership. We must slowly transition to partnership or revenue sharing solutions and upgrade the condition of federal lands. High costs for land management and fire suppression will be a large burden for the State. It will take years to transition to rotational timber harvesting to better manage fire and insect problems on federal lands. Collaboration, partnerships, and all solutions need to be pursued.
- Forestlands act as carbon capture lands when timber is harvested and put into housing and structures, they do not capture carbon when trees burn. Better fire management is needed.
- *While the legal case for State ownership is weak, the economic case for better management is compelling.* Idaho should pursue all available means to get better management of federal lands!

For the economic wellbeing of the rural Counties of Idaho, I urge the committee to seek solutions to this problem by all means, at all levels of government, and in multiple venues. Private ownership or State control may be the desired outcome that can only be achieved after co-management to demonstrate our

responsibility to all State and local stakeholders. The current problem with the federal mis-management of forestlands took decades to develop and it will take a long sustained State action to resolve.

I wish the path to State ownership of federal land was simple and straightforward. Claims that Idaho take back 'our' lands ignores that federal lands never belonged to Idaho. An assertion of sovereignty appears to be a simplistic solution. It will take many years of serious work for political solutions in the State legislature, Congress, and within federal agencies. Please start this arduous process now and make a commitment of resources to make a real change. Free our rural communities from federal agency land management control.

Idaho Representative Ed Morse, District #2 -B