

**Testimony of
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366 Dirksen Building
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RE: The Renewable Electricity Standard: Implications for Sustaining Family Forests¹

Presented To The
Committee on Energy and Natural Resources

**TESTIMONY ON A MAJORITY STAFF DRAFT
FOR A RENEWABLE ELECTRICITY STANDARD PROPOSAL**

Chairman Bingaman, Ranking Member Murkowski, Members of the Committee, thank you for the opportunity to appear before you to speak about the implications of a Renewable Electricity Standard (RES) for America's family forest owners. Today, I will talk with you about non-industrial, private forest landowners and the practicalities they face in trying to hold forestlands as forests; that is, how will RES markets, energy markets in general, and other market trends affect landowner inclinations to keep forestland? More specifically, **will family forest owners sell wood or will they sell real estate?** We stipulate— throughout this testimony – that we distinguish between forestland and forest resources. Without forestland, there can be no forest resources: clean water, clean air, wildlife habitat, healthy soils, aesthetics, recreation, and wood-based commodities. For example, the state of Georgia loses roughly 219 acres of forestland every single day to other uses.²

¹ See the final pages for "Points of this Testimony"

² Harper, R.A., N. McClure, and T.G. Johnson, et al. *Georgia's Possessive Forests*, 2004. U.S. Department of Agriculture, Forest Service, Southern Research Station. Asheville, NC.

Many of you have spent a lot of time on this issue and we in the forestry community appreciate it.

I am Scott P. Jones, Executive Vice President of the Forest Landowners Association (FLA), a national association that supports and protects the interests of private forest landowners. I am a graduate of the University of Georgia, with a Bachelor of Science in Forest Resources, a nationally certified forester, a Georgia Registered Forester, and a forest landowner.

Since 1941, FLA has provided its members with education, information, and national grassroots advocacy. FLA's outreach on behalf of private forest landowners nationwide enhances their forestland management practices and stewardship.

According to the USDA Forest Service's Forest Inventory and Analysis program³, about 60 percent of the commercial forestland in the U.S. is owned by almost 11 million private forest landowners (I understand that there are about 2 million farmers in the U.S.). This does not include manufacturers, it does not include Real Estate Investment Trusts, and it does not include Timberland Investment and Management Organizations⁴. It is the "Moms and Pops"; it is us. And we are under more pressure to convert forestland to other uses than in any other time in history, and that pressure will increase.

FLA members look forward to participating in the new markets created by developing opportunities to meet national renewable energy requirements and we wish to do this while maintaining forest health. We support the increased use of alternative energy feedstocks, in particular "woody biomass," to help feed our nation's needs for energy; thereby, amongst the benefits, help to end a

³ *"Forest Landscapes in Perspective"* USDA Forest Service, p. 173

⁴ *"Forest Resources of the United States"* USDA Forest Service

troubling reliance on other countries that supply energy for our homes, for our economy, for our people. To aid in this increased use, statutory and regulatory definitions of woody biomass, as a full partner with other cellulosic feedstocks, should include all wood-crops, in all forms and sizes, in addition to residues, wastes, and byproducts of processing. The use of woody biomass as a renewable energy source will provide new markets for private forest landowners and, in so doing, contribute to forest health by removing hazardous wildfire fuels, speeding recovery from natural disasters, alleviating vegetative-competition that contributes to pest and pathogens infestations, and creating economic incentives to deter conversion of forestland to other uses.

Forest landowners are highly interested in the production of alternative energy feedstocks from trees, and as segments of the forest products industry continues to trend offshore, new markets can help to answer the question raised about whether forest landowners will sell trees or sell real estate.

We believe that wood is necessary to meet a Renewable Electricity Standard. In a mosaic of energy sources, where each region of the country produces energy from its own, best indigenous resources, we seek a level playing field for wood. This level field-of-play will bring the same jobs and new local tax bases to forested regions as other regions will potentially enjoy.

Biomass, in general, has unique attributes among other renewable energy sources. It can be burned in existing coal-fired power production with relatively minor and inexpensive modifications, and it can be generated whenever the biomass developer or utility chooses.

But, we have deep concern that, under developing renewable energy markets, forestland may be disproportionately burdened by well-meaning but functionally stifling regulation, relative to other renewable energy sources and their land bases. Simple acknowledgements of the impracticality of

applying agricultural principles to forestry is a small step in the right direction; for example, the seasonal-crop, closed-loop approach to energy feedstocks just has no place in dealing with a crop that can take decades to culture; *i.e.*, trees. The negative impacts of national energy policies could create harm to all family forestlands in the U.S. Wood is a reliable feedstock, without the seasonal fluctuations or serendipity of weather that inhibit some other energy sources. And this resource is available now.

In January 1905, the *New York Times* headline read, "TIMBER FAMINE NEAR, SAYS PRESIDENT ROOSEVELT". The article said that " '...this country is in peril of a timber famine...' as asserted by the President this afternoon in an address before the American Forest Congress. In the course of his remarks the President said: 'If the present rate of forest destruction is allowed to continue, a timber famine is obviously inevitable. Fire, wasteful and destructive forms of lumbering, and legitimate use are together destroying our forest resources far more rapidly than they are being replaced.... Unless the forests can be made ready to meet the vast demands which... growth will inevitably bring, commercial disaster is inevitable.'"⁵

Here are the words straight from the *Times*. I think this forcefully makes the case for sustainability. Remember, pulpwood was non-existent when this quote was made, as Charles Herty (1867-1937) had not yet invented the pulping process. Only when we planted trees and encouraged markets did we end our brush with a timber famine. The destructive form of lumbering, then, was a process that is still called "high grading" trees, today. Because at that time, only a high quality part of the tree was considered valuable for lumber, and the rest of the tree was left in the woods to rot or was burned. The point here is: markets cured the "timber famine". Forest management for

⁵ *New York Times*, Jan. 6, 1905;
<http://query.nytimes.com/gst/abstract.html?res=940DE4DE133AE733A25755C0A9679C946497D6CF>

commodities did that. New markets did not create sustainability problems; they cured them.

In the United States, timber growth has exceeded the harvests since 1952. Growing-stock volume on U.S. timberland has increased 39 percent between 1953 and 2002. That is, the nation's forest inventory accrued more volume than it lost by mortality and harvest by over one-third.⁶

Today, you will likely hear that adding a new RES market to existing markets will create an unsustainable resource. It is simply not true. We do not have enough markets for the wood that we are growing, as shown in the USDA Forest Services Resource Planning Act (RPA) data collected by the Forest Inventory Analysis program. The 2002 data showed that across all species in the United States, we were growing 34 percent more volume than we removed⁷. Now, with the reduction of forest products manufacturing, we have seen an increase in the amount of growth versus removal. The 2007 RPA data shows a 41 percent volume grown over removal⁸. The impact of the reduction of our forest products manufacturing is having a clear effect on the amount of wood being grown and the threat to the health of our forests and private forest landowners is eminent. We believe arguments to the contrary are likely disingenuous and perhaps more motivated by competition for raw materials and/or feedstock preferences and/or tax avoidance than resource sustainability. The forest resource is sustainable and this question has been asked and answered before. But, the willingness of forest landowners to maintain forestland as forestland has had too little attention. Federal forest policy must address the conundrum of what would motivate a forest landowner to continue to hold that investment when it is threatened by new and evolving forces; whether it is opportunities for better financial returns for their families, shrinking market access, or

⁶ "Report on Terms Used in Biomass Credit Legislation" BioResource Management, Inc., Richard Schroeder May 21, 2007

⁷ 2002 Forest Resources of the United States, 2002. Gen. Tech Rep. NC-241, Table 36

⁸ Forest Resources of the United States, 2007. Gen. Tech Rep. NC-xxx, Table 36 (with permission from Greg Reams, National Program Manager, F.I.A.)

investment-dampening legislation and regulation.

Urbanization will have the “most direct, immediate and permanent” effects on southern forests of all forces of change.⁹ The incentives for forest landowners to convert forestland investments to residential and commercial real estate are led by population growth. U.S. Census Bureau¹⁰ population growth projections between the years 2000 and 2030 are for 82.1 million new people. That is a 29.2 percent growth, and most of that growth will be in the regions heavily dominated by private forest ownership.¹¹

How will this growth affect forestland use? We are distinguishing – again, throughout this testimony – between sustainable forestland, sustainable forest resources, and that without the land there can be no resources. Nineteen million acres of forest converted to developed uses from 1992 to 2020 in the Southeast.¹² The need for homes, churches, public infrastructure, and other services of 21st century human existence will cause fragmentation of forested landscapes, which will have its greatest impact in the Southeast,¹³ the region with the highest concentration of family forestland, but with a lack of other regional sources of renewable energy other than forests. And private, family forest landowners who manage smaller tracts of land are at greater potential for development.¹⁴

Traditional markets for forest commodities are trending offshore or are impacted by poor trade policy. For example, as fewer and fewer pulp/paper mills remain in this country, production has remained unchanged – or slightly improved – but, geographic distribution and access to those

⁹ Wear and Greis, USDA Forest Service, Southern Forest Resource Assessment.

¹⁰ US Census Bureau Interim Projections Released April 2005

¹¹ Susan Stein, et. al., USDA Forest Service, “*Forest on the Edge*”

¹² David Wear, USDA Forest Service, Southern Forest Resource Assessment

¹³ Susan Stein, et. al. USDA Forest Service, *Forests on the Edge*

¹⁴ Butler and Leatherberry, 2004. America’s family forest owners. *Journal of Forestry* 102 (7): 4-9

markets has degenerated.

- 136 pulp and/or paper mills closed, '97-'07 (*none have been built since 1989*)¹⁵
- 331 softwood sawmills closed in the U.S. & Canada, '95-'07¹⁶
- 314 furniture plants closed, '00-'08 (*hardwood indicator*)¹⁷

In legislation and regulation, if we are truly to meet renewable energy goals (whether electricity or biofuels), wood must be allowed to make its full contribution. Some well-meaning organizations want renewable energy, but want to dictate which forests can participate. Currently, 92 percent of our nation's private forestland is natural¹². In the southeastern United States, on private lands, 88 percent of forestland is natural.¹² However, with the current definition of "renewable biomass" for the Renewable Fuels Standard of the 2007 Energy Independence and Security Act (at its most restrictive), America's natural private forestlands are excluded from participation in the initiative to establish a renewable fuels industry. This kind of policy creates disincentives for private forest landowners to continue to hold and manage their forestlands. Anecdotally, we know that this 2007 language has already resulted in acres and acres of tree removals for conversion to other land uses. This same definition will result, we believe, in land dedicated to fuel production at the expense of other traditional markets.

In order to promote the continuation of sustainably managed forests on private lands, we must encourage markets for these landowners; voluntary markets. No definition that harms capital investment in energy facilities or taints the siting of those facilities can benefit the future of America's forestlands. Without broad, inclusive definitions for woody biomass, we are only encouraging the loss of private forestlands to other uses that typically are less environmentally

¹⁵ American Forest & Paper Association, 2007

¹⁶ USDA, Profile 2007: Softwood Sawmills in the US and Canada

¹⁷ George Barrett, Hardwood Review

friendly.

So, our growing population leads to conversion. Fewer markets and less market access leads to conversion. And the constraints of new laws lead to conversion. The message is that constraints on the resource lead to conversion of forestland to other uses. How can one argue that disincentives to keep an investment – in this instance, privately held forestland – improve the likelihood of it continuance or its sustainability?

Then, it is in the best interest of all who want to maintain a forested America to seek out incentives for forest landowners. The highest current concern to these landowners regards the definition of "woody biomass" in statute and regulation. That is, woody biomass should be defined as "wood" in addition to wood residues, wastes, and/or byproducts. Ultimately, we must sustainably harvest trees as pulpwood, sawtimber, poles, pilings, chip-n-saw, OSB, wafferboard, *and* "energy-wood." Landowners would like to see wood as an equal partner with grains, grasses, and all cellulosic feedstocks.

The inclusion of a "shadow" federal forest practices act is not the purpose of a Renewable Portfolio Standard or any energy bill. American forest landowners already operate under and comply with some of the most strenuous environmental laws and regulations on the globe. Forest practice policies are better determined at the local level to account for differences in local conditions and needs rather than through prescriptive, one-size-fits-all federal mandates.

In addition to reducing our dependence on traditional fuels and their finite availability, we hope to see increased production of clean alternative energy products; products that we are told are environmentally cleaner than traditional products. Wood energy sources are also renewable,

abundant, and economically competitive.

An incentive-based approach, working within the market system, would create new opportunities and incentives for forest landowners, as segments of the forest products industry and associated markets trend toward an offshore future and other pressures to convert amass. At this time, 24 states and the District of Columbia have enacted laws to require alternative energy feedstocks – Renewable Portfolio Standards – for electric power production. A similar national commitment to incentives for energy production from alternative feedstock would contribute mightily to energy production and secure forestland investments with the surety, security, and certainty of a nation committed to long-term alternative energy production and maintaining family forestlands. These forest lands require a long term commitment. Most family forest landowners will only see one or two harvest in their lifetime. America needs landowners confident in their forestland investments, so that these owners continue to see forestland as competitive and to deter forest conversions to other uses.

In conclusion, we believe we can help construct an approach that addresses concerns about environmental sideboards, while appropriately relying on existing practices and capabilities. With inclusive language for wood in the Renewable Electricity Standard in place, the Forest Landowners Association will use our resources, including our grassroots networks, to promote legislation that fairly includes the use of wood biomass to meet our nation's energy needs. In fact, we have already begun work with land-based allies and with the environmentalist community in an effort to address any forest health pressures that may arise from new energy-wood markets.

Now to offer an answer to the question of whether landowners will sell wood or sell real estate: we've got it, let's use it.

I thank the Chairman, the Ranking member, and the Members of the Committee for the opportunity to have made these comments on behalf of the members of the Forest Landowners Association. This concludes my remarks. I would be glad to respond to any questions that any member of the committee may have and, later, deliver materials and information that may help to further clarify our position.

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Points of this Testimony:

- **Forest Landowners Association members look forward to participating in the new markets created by developing opportunities to meet national renewable energy requirements and we wish to do this while maintaining forest health.**
- **New markets for forest landowners will help sustain forestland and curtail conversions.**
- **FLA opposes the creation of a federal forest practices and/or land-use act.**
- **FLA is prepared to help craft good legislation.**
- **Trees are an abundant, sustainable, renewable, and reliable energy source.**
- **A few are using an argument of “threat to sustainability,” which we believe disingenuous and perhaps more motivated by competition for raw materials and/or feedstock preferences and/or tax avoidance.**
- **Wood is necessary to meet the standard.**
- **FLA is prepared to help pass well-crafted legislation.**
- **Make wood an equal partner with other cellulosic feedstocks and the lands producing them.**
- **FLA is currently working with allies, including the environmentalist community, to address any forest health pressures that may arise from this new market.**

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