



LEGISLATIVE & POLICY UPDATE

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1. FY 2008 Appropriations

- **Details of the Administration's Proposal**

The President's FY 2008 budget request for the US Forest Service (USFS) was \$4.127 billion, nearly the same level of funding as 2006 and 2007 fiscal years. The budget proposal included \$202.5 million in State and Private Forestry appropriations, an 11% decrease from the estimated 2007 funding levels of \$228.6 million. Several programs for which the Administration has proposed decreased funding are Forest Stewardship, Forest Legacy and Urban & Community Forestry.

The proposal includes the sale of national forest system lands in order to fund the Secure Rural Schools and Community Self Determination Act. Revenue from the land sales would be split: 50% would cover a four-year extension of the SRS legislation and 50% would fund acquisition, conservation education, habitat improvement and other projects in the states where the land sales occurred. Although the Administration addressed many concerns with the previously proposed land sales, such as the sale locations and use of the funds, Congress still has significant concerns with using the sale of National Forest System lands to fund the SRS legislation.

Along with fully funding the NW Forest Plan (timber program increases), the President's proposal includes hazardous fuels treatment on three million acres and a separate account for wildland firefighter expenses. The wildland firefighter expenses account shifts funds away from the preparedness account. The Administration created the single account for professional wildland firefighter expenses in order to more efficiently handle wildland fire costs.

- **Budget Resolutions**

The Senate has recently approved their budget resolution for nearly \$3 trillion. The Senate budget resolution includes an increase of \$1.5 billion for the environment and natural resources. This proposal has \$18 billion more funding for discretionary programs than the President's FY08 Budget. Also included is a \$15 billion reserve fund for the Agriculture Committee to use when writing the Farm Bill as long as deficit neutral offsets are found by the Committee. The House version includes a \$20 billion reserve fund for the Agriculture Committee to be spent over five years. The House will consider their resolution this week.

CWSF FY08 Appropriations Priorities:

	<u>FY07 Enacted</u>	<u>President's FY08</u>	<u>NASF Recommended</u>
State Fire Assistance	79.1	68.1	145
Forest Health: Cooperative	56.9	48.1	66
Urban & Community Forestry	30.1	17.4	36
Forest Stewardship	41.9	20	45
Volunteer Fire Assistance	13.7	17	35

Figure 1: Appropriations Summary. (Dollars in millions)

2. Secure Rural Schools and Community Self Determination Act

The Secure Rural Schools Act (aka County Payments) was scheduled for reauthorization in fiscal year 2006, and debate centered on options to fund an extension of the program. President Bush proposed the sale of National Forest System lands in order to fund an extension of this program. Congress was not supportive of this proposal and opted not to reauthorize the County Payments Act.

The President's FY 2008 budget proposal (described in Update #1) included a four-year extension for the County Payments Act, funded through land sales. This proposal has been opposed by Congress and other options for funding the Act's re-authorization are being discussed. Senator Wyden (D-WA) has proposed legislation

reauthorizing the Act (S. 380) and the Committee on Energy and Natural Resources Subcommittee on Public Lands and Forests held a hearing on the legislation.

As we are nearing the wire, discussions have shifted to short-term funding of County Payments. House appropriators have included a one-year extension of the County Payments Act (\$400 million) in the House emergency spending supplement for Iraq which just recently passed the House as described below. The Senate version of the supplement contains \$425 million for a one-year reauthorization of the Act. Senate Democrats are planning to introduce an amendment that would provide \$4.7 billion for the program in 2008-2012. The \$4.7 billion includes five years of payments to the counties and states under the County Payments Act as well as money to fully fund the Payment in Lieu of Taxes program. The \$4.7 billion amendment will be paid for using tax offsets.

3. Wildfire Suppression Funding & the FY 2007 Emergency Supplemental

The House has approved an emergency supplemental spending bill, H.R. 1951. This supplemental bill includes a one-year reauthorization (\$400 million) of the SRS Act and \$500 million for the USFS and DOI for wildfire suppression activities in anticipation of an expensive wildfire year. The \$500 million for the USFS and the DOI is provided in a separate, flexible spending account and will only be available if the agencies use all available fire suppression funds and if cost savings efforts are undertaken. The Senate version includes a one-year reauthorization of the SRS Act and \$500 million for wildfire suppression funding for the USFS and the DOI. The Senate will consider their supplemental spending bill this week.

As the emergency supplemental bill was originally requested by the Administration to fund military operations in Iraq and Afghanistan, the Administration is not supportive of the bill including timetables for troop withdrawal as the Democrats are currently discussing. The President has threatened to veto the emergency supplemental spending bill if withdrawal of troops is required.

4. 2007 Farm Bill

The 2002 Farm Bill is set to expire at the end of September 2007 and the Administration released a Farm Bill proposal in February (www.usda.gov/farmbill). It is atypical for an Administration to draft a Farm Bill, and Congress is not likely to draw from the proposals too strongly as they begin drafting their bill. Current information from the Hill suggests that Congress hopes to have a draft of the 2007 Farm Bill ready for consideration in late April, after budget allocations have been set.

- **Details of the Administration's Proposal**

The Administration's 2007 Farm Bill proposal includes up to \$65 million in funding for statewide forestry planning over the life of the farm bill, \$30 million annually for landscape scale forestry competitive grants, \$150 million of mandatory spending over 10 years for the forest wood to energy program, and up to \$65 million annually for the community forests working lands program. The Conservation title includes a redesign of EQIP that increases funding to over \$4 billion for the life of the farm bill and folds a number of existing programs, including the Forestland Enhancement Program, under the EQIP "umbrella." In the Energy title, cellulosic bio-energy and federal procurement of bio-based products are supported by a \$2.17 billion guaranteed loan program for bio-refinery projects over 10 years, \$150 million over 10 years for biomass research and development and a bio-energy and a bio-products research initiative of \$500 million over 10 years. A two-page fact sheet breakdown of the Administration's proposal is available upon request.

- **Recent Developments**

As noted in the section on FY08 Appropriations (Update #1), the Senate's budget resolution includes a \$15 billion reserve fund for the Agriculture Committee to use when writing the farm bill. The budget resolution that the House is considering this week includes \$20 billion over five years for the Agriculture Committee. The Agriculture Committee will need to find offsets for the spending in order for it to be "deficit neutral." The House and Senate Agriculture Chairmen have requested increased spending authority in order to include new energy and conservation programs in the farm bill.

- **Stakeholder Efforts**

A diverse group has come together to promote forestry interests in the farm bill and formed the “Forests in the Farm Bill” Coalition. This Coalition is to hold a press event on March 28 to showcase the unique interests that have banded together to promote forests in the 2007 Farm Bill. The same day as the press event, a Senate and House briefing for congressional members and staff is to be held in order to help educate the attendees about forestry issues. Along with the roll-out events, a media push has begun to promote forestry within the Farm Bill. These events will help secure space for forestry in the Farm Bill. Of particular interest is how forestry cost-share assistance is to be addressed. Without the assistance previously provided through the Forest Land Enhancement Program (FLEP), forestry interests are exploring numerous angles to ensure federal financial assistance for family forest landowners. The Forests in the Farm Bill Coalition brochure is available at http://www.wflcenter.org/ts_dynamic/edu_outreach/35_file.pdf.

5. Pacific Island Eligibility

Currently three CWSF island members, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands, are not eligible to participate in two programs, the Forest Stewardship Program and the Cooperative Fire Program, which are authorized under the Cooperative Forestry Assistance Act (CFAA). When the Pacific Islands joined the United States following WWII, they did so as “trust territories” of the Pacific. In the subsequent years, many administrative and name changes took place, and these same islands now relate to the U.S. via Compacts of Free Association, providing a legal avenue for U.S. assistance to the islands. However, the CFAA still does not recognize the Islands as “Freely Associated States,” resulting in their ineligibility for certain CFAA programs. Efforts to amend the CFAA have been ongoing and arduous.

There is interest in including language in the 2007 Farm Bill related to the island eligibility issue. Discussions are ongoing with committee staff.

6. Endangered Species

The 110th Congress is shifting its gears on the threatened and endangered species issue, electing to seek piecemeal reauthorization of the ESA. First out, The Endangered Species Recovery Act (S. 700) sponsored by Senator Michael D. Crapo (R-ID), offers up to \$2.7 billion in tax credits over 10 years to landowners who help endangered species recover on their lands. Largely due to its incentive-based approach for private land endangered species habitat conservation, S.700 has bi-partisan support, and numerous organizations have joined forces on this issue. Environmental Defense, National Wildlife Federation, American Farm Bureau Federation, Society of American Foresters and others have signed on to support the legislation or sent singular letters of support.

The National Association of State Foresters (NASF) sent a letter in support of the legislation and urged that the program be structured to ensure that private forests enrolled in the agreement can remain working forests that continue to simultaneously provide for restoration and maintenance of habitat (<http://www.stateforesters.org/letters.html>). Representative Mike Thompson (D-CA) has introduced H.R. 1422, the house version of the Endangered Species Recovery Act. The prospect for passage of this legislation looks surprisingly favorable, due to the bipartisan support and numerous organizations that have joined together in support of this tax credit legislation.

7. Legal Timber Protection Act

Rep. Earl Blumenauer (D-OR), joined by Reps. Wexler (D-FL) and Weller (R-IL), have introduced H.R. 1497, *Amending the Lacey Act Amendments of 1981 to Extend its Protections to Plants Illegally Harvested Outside of the United States and For Other Purposes*, on March 13 to target illegal logging. Currently the Lacey Act prohibits importation of wildlife taken in violation of conservation laws. This bipartisan effort hopes to amend the Lacey Act to include wood and timber products. H.R. 1497 would ban the import, export and selling of timber products made in violation of domestic or foreign law or international treaty.

The goal of this legislation is to halt trafficking of timber and wood products. The effort is supported by a coalition of conservation, industry and labor groups. There is some concern that extending the Lacey Act to cover wood and timber products will increase the cost of doing business for those companies that are not illegally harvesting wood. The legislation includes reporting requirements to prove that businesses are not illegally harvesting lumber.

8. Southwest Forest Restoration Institutes

- **History**

The Southwest Forest Restoration Institutes were established under the Southwest Forest Health and Wildfire Prevention Act in 2004. The Act authorized the creation of three research institutes in the west to promote adaptive ecosystem management as a way to reduce wildfire risk and restore the health of the forest and woodland ecosystems. The previously appropriated funding has been significantly less than the fully-authorized amount of up to \$15 million per year through the USDA Forest Service. The three research institutes that were created are the Ecological Restoration Institute at Northern Arizona University, Forest and Watershed Institute at New Mexico Highlands University and the Colorado Forest Restoration Institute at Colorado State University.

- **Current Status**

Congressional earmarks, Forest Service internal redirection of funds and state contributions are used to support the Institutes. The funding that the Southwest Forest Restoration Institutes received under the final FY07 Continuing Resolution is still unknown. For FY08, the Institutes are requesting \$6.23 million.