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FORESTRY INCENTIVES ACT OF 1972

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BEFORE THE

SUBCOMMITTEE ON FORESTS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

H.R. 12873, H.R. 14903, and S. 3105

JUNE 5, 1972

Serial No. 92-FF

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1972

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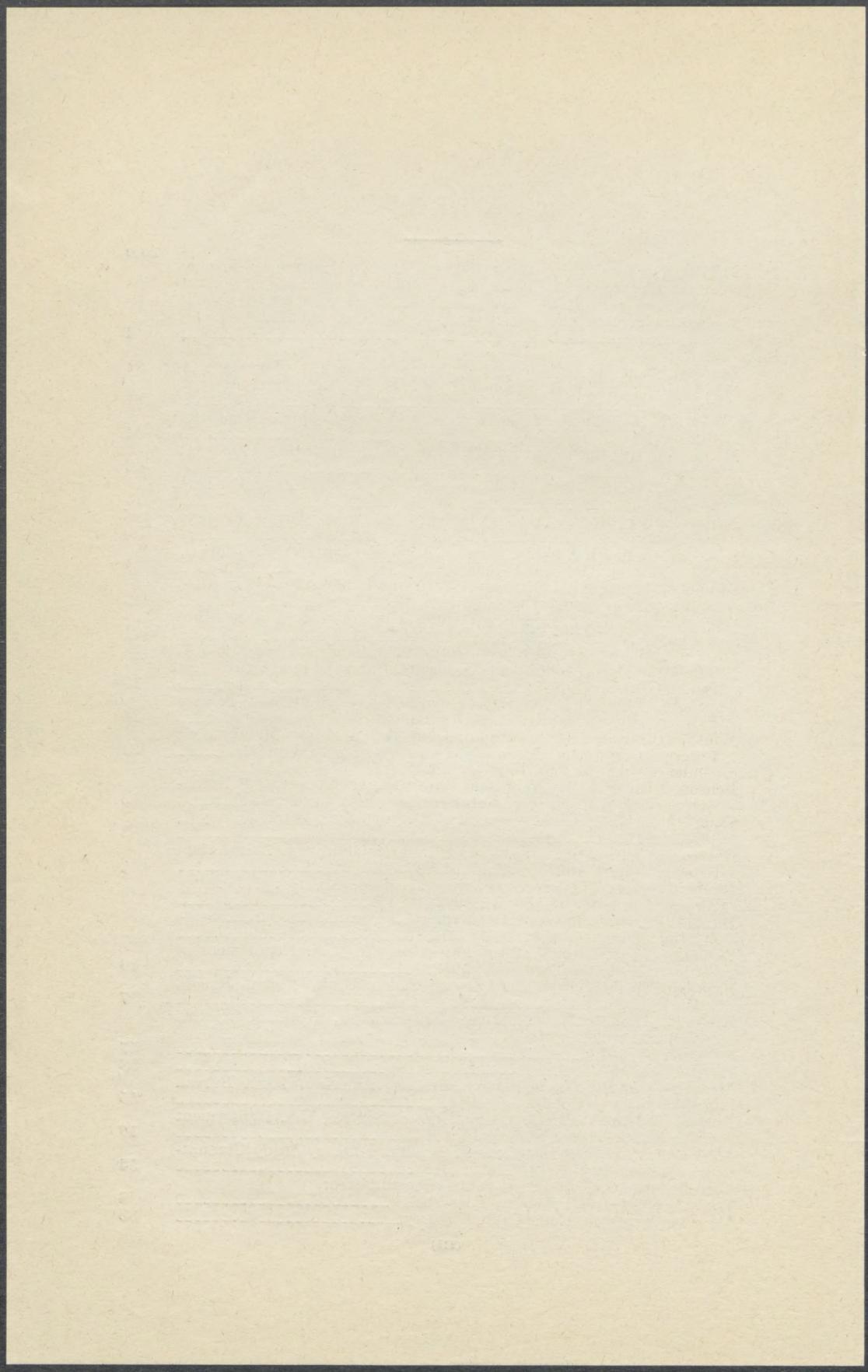
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CONTENTS

	Page
H.R. 12873, a bill to authorize the Secretary of Agriculture to develop and carry out a forestry incentives program to encourage a higher level of forest resources protection, development, and management by small nonindustrial private and non-Federal public forest landowners, and for other purposes-----	1
Statement of:	
Bennett, Frank W., president, Association of Consulting Foresters---	51
Bevill, Hon. Tom, a Representative in Congress from the State of Alabama-----	14
Cleveland, Hon. James C, a Representative in Congress from the State of New Hampshire-----	51
Moore, J. E., manager, forestry programs, American Pulpwood Association-----	43
Myers, J. Walter, Jr., executive vice president, Forest Farmers Association-----	25
Nonnemacher, Robert M., regional vice president, Forest Farmers Association-----	50
Pomeroy, Kenneth B., chief forester, American Forestry Association, and chairman, Trees for People-----	31
Samuel, Monroe R., chairman, Farm and Forestry Committee, National Association of Conservation Districts-----	46
Sikes, Hon. Robert L. F., a Representative in Congress from the State of Florida-----	4
Stimpson, William H., vice president, Gulf Lumber Co., on behalf of the National Forest Products Association and the Southern Forest Products Association-----	35
Thornton, Philip L., Associate Deputy Chief, State and Private Forestry, Forest Service, U.S. Department of Agriculture-----	14
Winkworth, Ralph C., chairman, Cooperative Forest Management Program Committee, National Association of State Foresters-----	21
Correspondence submitted to the subcommittee:	
Benson, Ellsworth H., Nebraska State forester, Cooperative Extension Service, University of Nebraska, letter of May 30, 1972-----	52
Campbell, J. Phil, Under Secretary of Agriculture, letter of May 1, 1972-----	3
Cheston, Charles E., president, Tennessee Forestry Association, letter of June 2, 1972-----	54
Davis, Ben A., Jr., executive vice president, Mississippi Forestry Association, letter of May 31, 1972-----	53
Daw, T. E., State forester, Department of Natural Resources, State of Michigan, letter of May 31, 1972-----	52
Deinema, J. W., Acting Chief, Forest Service, U.S. Department of Agriculture, letter of June 27, 1972-----	19
Frykman, Joel L., consulting forester, Ogden, Utah, letter of June 9, 1972-----	57
Kimball, Thomas L., executive vice president, National Wildlife Federation, letter of:	
May 30, 1972-----	57
July 13, 1972-----	58
McIntire, Clifford G., legislative director, American Farm Bureau Federation, letter of June 5, 1972-----	55
Nelson, Thomas C., Deputy Chief, Forest Service, U.S. Department of Agriculture, letter of June 16, 1972-----	19
Niederhof, C. H., chairman, South Carolina Forestry Study Committee, letter of June 1, 1972-----	54
Additional information submitted to the subcommittee:	
Forestry Incentives Program "Fact Sheet"-----	8
Time for Action by Kenneth B. Pomeroy-----	33



FORESTRY INCENTIVES ACT OF 1972

MONDAY, JUNE 5, 1972

HOUSE OF REPRESENTATIVES,
FORESTS SUBCOMMITTEE
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1301, Longworth House Office Building, Hon. Thomas S. Foley, presiding.

Present: Representatives Foley (presiding), Burlison, Vigorito, Teague of California, Kyl, and Baker.

Also present: Mrs. Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel; and L. T. Easley, staff consultant.

Mr. FOLEY. The Subcommittee on Forests will come to order. The subcommittee meets this morning for consideration of H.R. 12873 by Mr. Sikes of Florida to authorize the Secretary of Agriculture to develop and carry out a forestry incentives program to encourage a higher level of forest resource protection, development, and management by small nonindustrial private and non-Federal public forest landowners and for other purposes.

(H.R. 12873, by Mr. Sikes; H.R. 14903, by Mr. Sikes, Mr. Derwinski, Mr. Wyatt, Mr. Duncan, Mr. Kuykendall, Mr. Mathis of Georgia, Mr. Leggett, Mr. Beville, Mr. Kemp, Mr. Cleveland, Mr. Montgomery, and Mr. Carter; and S. 3105 are identical bills, the text of which and the departmental report follows:)

[H.R. 12873, 92d Cong., Second sess.]

A BILL To authorize the Secretary of Agriculture to develop and carry out a forestry incentives program to encourage a higher level of forest resource protection, development, and management by small nonindustrial private and non-Federal public forest landowners and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Forestry Incentives Act of 1972".

SEC. 2. (a) Congress hereby declares that the Nation's growing demands on forests and related land resources cannot be met by intensive management of Federal lands and industrial forests alone; that the three hundred and nine million acres of nonindustrial private land and twenty-nine million acres of non-Federal public forest land contain 65 per centum of the Nation's total forest resource base available to provide timber, water, fish and wildlife habitat, and outdoor recreation opportunities; that the level of protection and management of such forest lands has historically been low; that such lands can provide substantially increased levels of resources and opportunities if judiciously managed and developed; that improved management and development of such lands will enhance and protect environmental values consistent with the National Environmental Policy Act of 1969 (83 Stat. 852); and that a forestry incentives program

is necessary to supplement existing forestry assistance programs to further motivate, encourage, and involve the owners of small nonindustrial private forest lands and the owners of non-Federal public forest lands in actions needed to protect, develop, and manage their forest lands at a level adequate to meet emerging national demands.

(b) For the purposes of this Act the term "small nonindustrial private forest lands" means commercial private forest lands owned by any person whose total ownership of such lands does not exceed five thousand acres. Such term also includes groups or associations owning a total of five thousand acres or less of commercial forest lands, but does not include private corporations manufacturing products or providing public utility services of any type or the subsidiaries of such corporations.

SEC. 3. The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to develop and carry out a forestry incentives program to encourage the protection, development, and management of small nonindustrial private lands and non-Federal public forest lands. The purposes of such a program shall be to encourage landowners to apply practices which will provide for the afforestation of nonforest lands and reforestation of cutover and other nonstocked and understocked forest lands, and for intensive multiple-purpose management and protection of forest resources to provide for production of timber and other benefits, for protection and enhancement of recreation opportunities and of scenic and other environmental values, and for protection and improvement of watersheds, forage values, and fish and wildlife habitat.

SEC. 4. (a) To effectuate the purposes of the forestry incentives program authorized by this Act, the Secretary shall provide a range of forestry incentives which shall include the following:

(1) Cost sharing with the owners of small nonindustrial private forest lands and the owners of non-Federal public forest lands in providing practices on such lands which carry out the purposes of the forestry incentives program. No cost sharing under this paragraph shall provide for a Federal contribution in excess of 50 per centum of the total cost of practices on non-Federal public forest lands or in excess of 80 per centum of the total cost of practices on small nonindustrial private forest lands and no one small nonindustrial private forest landowner shall receive cost sharing under this Act on more than five hundred acres in any one fiscal year.

(2) Cost sharing with the owners of small nonindustrial private forest lands for the purposes of providing manpower, equipment, planting stock, and other materials to carry out the practices to be encouraged by the forestry incentives program. No cost sharing under this paragraph shall provide for a Federal contribution in excess of 80 per centum of the total cost of materials, equipment, and services.

(b) The Secretary may, for the purposes of this section, utilize the services of State and local committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 1150; 16 U.S.C. 590h(b)), and distribute funds available for cost sharing under this Act by giving consideration to pertinent factors in each State and county, including, but not limited to, the total areas of small nonindustrial private forest lands and non-Federal public forest land and to the areas in need of planting or additional stocking, the potential productivity of such areas, and to the need for timber stand improvement on such lands. The Secretary may also designate advisors to serve as ex officio members of such committees for purposes of this Act. Such ex officio members shall be selected from (1) owners of small nonindustrial private forest lands, (2) private forest managers or consulting foresters; and (3) wildlife and other private or public resource interests.

(c) Federal funds available to a county for small nonindustrial private forest lands each year may be allocated for cost sharing among the owners of such lands on a bid basis, with such owners contracting to carry out the approved forestry practices for the smallest Federal cost share having first priority for available Federal funds, subject to the Federal cost sharing limitations prescribed in subsection (a) of this section.

(d) Buildings, dams, roads, and other structures shall not be eligible for recreation development cost sharing under this Act.

SEC. 5. The Secretary shall investigate and evaluate the effectiveness of loans, loan guarantees, and annual payments for the establishment or maintenance of practices on small nonindustrial private forest lands which meet the purposes and objectives of the forestry incentives program provided for under this Act. In carrying out any such investigation, the Secretary is authorized to conduct a pilot program and make annual or periodic payments under agreements with owners of small nonindustrial private forest lands for periods not to exceed ten years or guarantee loans to such owners under such terms and conditions as he shall determine to be fair and reasonable. Such loans may include, but not be limited to, low interest rates; deferred payment plans; nonrecourse provisions; long-term repayment provisions; and a provision under which a portion of the principal and interest of such loans may be waived at maturity under circumstances determined by the Secretary. Not to exceed \$5,000,000 may be appropriated for the purposes of this section in any fiscal year.

SEC. 6. The Secretary shall consult with the State forester or other appropriate official of each State in the conduct of the forestry incentives program provided for in this Act. Federal assistance under this Act shall be extended in accordance with such terms and conditions as the Secretary deems appropriate to accomplish the purposes of this Act. Funds made available under this Act may be utilized for providing technical assistance to and encouraging non-Federal public landowners, and the owners of small nonindustrial private forest lands in initiating practices which further the purposes of this Act. The Secretary shall coordinate the administration of this Act with other related programs and shall carry out this Act in such a manner as to encourage the utilization of private agencies, firms, and individuals furnishing services and materials needed in the application of practices included in the forestry incentives program.

SEC. 7. There are authorized to be appropriated an amount not to exceed \$25,000,000 to carry out the provisions of this Act. Such funds shall remain available until expended.

DEPARTMENT OF AGRICULTURE,

OFFICE OF THE SECRETARY,
Washington, D.C., May 1, 1972.

HON. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: As you asked, here is the report of the Department of Agriculture on H.R. 12873, a bill "To authorize the Secretary of Agriculture to develop and carry out a forestry incentives program to encourage a higher level of forest resource protection, development, and management by small nonindustrial private and non-Federal public forest landowners, and for other purposes."

The Department of Agriculture recommends that H.R. 12873 not be enacted.

H.R. 12873, the proposed "Forestry Incentives Act of 1972," would establish a forestry incentives program to supplement existing forestry assistance programs. One of its purposes would be to further motivate, encourage, and involve owners of small nonindustrial private forest lands and the owners of non-Federal public forest lands in actions needed to protect, develop, and manage their forest lands at a level adequate to meet emerging national demands.

To effectuate the purposes of the act, the Secretary of Agriculture would provide a range of forestry incentives including cost-sharing with owners of small nonindustrial private forest lands and with owners of non-Federal public forest lands. The cost-sharing could be provided through utilization of the services of State and local committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (49 Stat. 1150, 16 U.S.C. 590b(b)).

The bill would also authorize the Secretary to investigate and evaluate the effectiveness of loans, loan guarantees, and annual payments for practices on private forest lands which meet the purpose and objectives of the act. The investigation would be conducted through a pilot program for which up to \$5 million would be authorized to be appropriated. A total of \$25 million would be authorized to be appropriated to cover the entire program.

We agree with the general objectives of H.R. 12873. Private forest lands will continue to play a vital role in meeting the Nation's timber and environmental needs. Until the level and nature of management for all forest resources on private forest lands is improved, our total national forestry program will be out of balance.

However, we cannot agree with the manner in which the objectives of H.R. 12873 are proposed to be achieved under the bill.

On March 10, 1971, President Nixon sent to the Congress his proposal for a new program of special revenue sharing for rural community development. As part of this program, the President proposed to unite the funding of a number of Federal programs with objectives similar to the proposed forestry incentive program of H.R. 12873 into the rural community development revenue sharing program. An additional \$179 million would be added to the special fund.

The thrust of the President's proposal is to eliminate specially oriented grant programs and encourage State initiative in the allocation of broader grant funds. It recognizes that natural resource development and protection programs vary significantly from area to area and can best be handled by local officials. Under the proposed program, we intend to offer strong leadership at the Federal level working with the States and governmental conservation agencies. We will continue to help them to develop plans and new approaches to encourage individual landowners to practice sound multiple-use forest management on their lands.

H.R. 12873 would create a new special grant program and, because it would be inconsistent with the proposed special revenue sharing program, we recommend that it not be established.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Mr. FOLEY. I am very happy to welcome the distinguished author of the legislation, the gentleman from Florida, Mr. Sikes, to be the opening witness.

We are delighted to see you, Mr. Sikes.

STATEMENT OF HON. ROBERT L. F. SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SIKES. Thank you, Mr. Chairman. I am most appreciative of the courtesy of this committee in hearing me on H.R. 12873 and an identical bill, H.R. 14903, the Forestry Incentives Act of 1972. I am truly delighted to be here today.

Your committee's action today can do much to keep up the momentum that is making the second session of the 92d Congress so outstanding in terms of forestry legislation.

As I said on February 3 in introducing this proposal—forestry incentives are urgently needed to complement and serve as a companion piece to H.R. 8817—since enacted as Public Law 92-288. I am proud of the record that the House of Representatives made in moving on that important legislation. It is in itself a monumental addition to conservation law and cooperative forestry programs. By enacting Public Law 92-288, we have strengthened the partnership of State and Federal agencies with the private forestry sector. Expanded protection of forest resources and broader technical assistance to landowners are now authorized. Now it is time to take another equally important step forward by giving this team of State and Federal and private foresters the tool they need to work with—in particular a broad gauged, far-reaching program of forestry incentives.

I'd like to use this opportunity to pass along to my colleagues in the House some of the insights and observations that have come to me after many years of deep, personal involvement with American for-

estry—particularly as they relate to non-Federal lands. Naturally, my native State of Florida is a part of my interest, but the lessons that I have learned apply wherever trees grow free to reach for the sun; wherever forests yield an ever-changing flow of benefits to mankind; wherever men and women take pride in the ownership of a tract of forest land; and wherever foresters strive to protect and improve these natural resources that serve so well to undergird this great Nation.

Perhaps the one single most basic truth is that the time has come for America to return to forest lands some small portion of the abundance that has flowed from the forests ever since the days of the pioneers. The 309 million acres of forest land that are the target of this proposal have brought forth tremendous crops of timber; unmeasured flows of water; countless numbers of birds, animals, and other wildlife, untold hours of outdoor recreation and enjoyment; huge yields of livestock forage; and a great variety of other products and benefits of value to all Americans. These lands have nobly sustained the impacts of generation after generation—each increasing the volume and scope of its demands.

But all of this has not occurred without loss. The forests are not unscathed. Remarkable as these renewable resources are, the outlook, overall, is not good. These lands are ill prepared to meet the next wave of demands. They are not in condition to meet fresh onslaughts from the unprecedented pressures that are so clear on the horizon.

I have found that there is a tremendous backlog of conservation work to be done on these lands. Trees must be planted. Timber stand improvement practices are needed. Erosive soils need to be stabilized. Wildlife habitat needs improvement. Outdoor recreational activities need to be accommodated. Natural beauty needs to be restored and enhanced. The list of needs is long, and the dimensions of the needs are enormous.

Let me give you a few examples. At least 40 percent of these forests need cultural treatment of some kind or other. The forest garden needs to be tended and weeded if you will. Millions of acres of productive growing space in the forest are clogged with dead, dying, diseased, or defective trees that should be culled out to make room for the young growth that is fighting for survival. Additional millions of acres of prime forest land are occupied with brush or weeds—waiting for man or nature to plant the seedlings of pine or other species that will benefit the people of tomorrow. These nonindustrial privately owned lands are producing at only about half of their timber growing capacity. Sharp increases in wildlife, recreation use, and other nontimber values are also possible. The carrying capacity of these lands is potentially as great or greater—for all uses—as any other type of ownership. In fact, they are above average in terms of site quality and accessibility.

Without belaboring the point, let me just say that it will cost a large amount of money to restore these forests—to capture their tremendous potential for meeting the demands of tomorrow. It is not enough to protect them from wildfires; or to try to stem the attacks by bark beetles and other pests; or to provide landowners with good advice about how to manage their woodlot. All of these kinds of things are very important, they make up the essential framework that can safeguard the investments in the land. They set the stage for returning

to the land a small portion of the economic growth and strength that these forests have supported. But by themselves, they are not enough.

The simple and obvious fact is that it costs money—good hard cash—to grow trees in a nursery, to clear the planting site, to put the trees in the ground, to thin out the plantation, and to weed out the competing vegetation. It costs real money to remove the cull trees that are blocking more desirable young growth. Lesson No. 1, then, it seems to me is that we can't rely upon Mother Nature to restore these forests fast enough. If we want to get them back in shape in time to meet tomorrow's demands, many millions of dollars will have to be expended.

I have learned the significance of a second basic fact that I would like to share with you. Stated very simply, it is that future demands for timber, water, recreation opportunity, wildlife, environmental quality, and other forest benefits cannot be met unless the huge forest land base that is made up by these millions of small private holdings is put into condition to meet these demands. Let me use timber as an example simply because the supply of lumber for housing is very much a timely and legitimate concern of the Congress in looking ahead.

These are the facts, and they are impressive.

Sixty percent of the Nation's productive timberland acreage is in nonindustrial private ownership.

Seventy percent of current annual softwood sawtimber growth is in non-Federal lands.

Sixty-five percent of current annual softwood sawtimber removals come from privately owned forests.

Thirty-seven percent of the current inventory of softwood sawtimber is privately held.

There is a similar opportunity and significance in terms of meeting demands for outdoor recreation, water, wildlife, and so forth.

If time permitted, and statistical data were available, we could make much the same type of analysis to display the fact that these forests are equally vital to our future in meeting nontimber demands on America's forest lands.

A third point that has become increasingly obvious to me is that the flow of investments needed to get the bulk of these 309 million acres producing at or near their potential will not be forthcoming without a reasonable input of Federal financing. Ownership of a typical small forest tract involves substantial out-of-pocket costs in the form of property taxes, interest on loans, income foregone as a result of investment in land, and so forth. Other investment opportunities are often more attractive for the owner's use of available funds. Many types of forest land investments result in public benefits instead of yielding returns to him or his family—for example, seeding or planting a critical eroding area to protect downstream values.

Because of these facts, the record of recent years is clear. There must be incentives to stimulate the forest planting and management practices which our forest lands need and which our Nation will require in future years. Without financial incentives through cost sharing or some other devices there will not be significant accomplishment. These

bills are intended to provide financial incentives for improved forestry practices principally on privately owned forestry land. It would authorize annual payments of not more than \$25 million for such purposes. The bill would be administered through existing agencies which already are soundly established. The Forest Service will be responsible for overall program leadership. The program will be administered through county committees of ASCS with involvement of Farmers Home Administration, Soil Conservation Service, and other USDA agencies. Up to 80 percent of the cost of sound approved forestry practices can be paid by the Federal Government under the terms of the bill.

This program is designed for the benefit of the owners of small forests of whom there are more than 4 million. Participation in the program would be limited to owners holding less than 5,000 acres each and no owner could receive cost-sharing benefits on more than 500 acres in 1 year.

In addition, I propose pilot testing of loans, loan guarantees, and annual payments as an additional means of stimulating woodland owners to reforest their lands, and apply cultural treatments and improved management practices. Such agreements could not exceed 10 years in duration.

Admittedly a new program such as this would have some growing pains. Mistakes obviously could be made but I have confidence in the Forest Service and in agencies such as ASCS and Farmers Home Administration. I believe that they would administer the program soundly with a minimum of the kind of problems which accompany any new program.

The Senate subcommittee has completed its consideration of a companion bill. Senator Stennis, a very outstanding member of that body, is the senior sponsor of the bill. A few minor amendments have been accepted by the Senate committee which I called to the attention of this committee. If you will, please look at H.R. 14903, which is before you. On page 4, lines 9, 10, and 11 have been stricken and changed to read as follows: "(2) Cost sharing with nonprofit groups, individuals and public bodies for the purposes of providing equipment to carry out," and on page 6, line 9 has been revised to read as follows: "under which a portion or all of the interest on such," and on page 7, line 6, after "appropriated" insert word "annually." I feel that the amendments are sound and that they improve the bill.

We now have an opportunity to capitalize on the experiences of the past and to tailor make a comprehensive forestry incentives program that can build upon the combined experience of Federal and State agencies and forest landowners. That is what is envisioned in these bills.

This is not an entirely new program. There have been cost-sharing practices on a limited basis for the improvement of forest land. These have been carried on under the county ASCS committee programs. Obviously, these programs cannot do the job which is needed. That is why we propose a new broader program.

I am most enthusiastic about this proposed legislation. The time is ripe for the House to parallel action now taking place in the Senate on this legislative program. I find the arguments for this legislation

most persuasive. These comments today attempt to convey my earnest and urgent conviction that the bill deserves our full support. We can grow into utilization of the bill as we learn how best to proceed.

I submit for inclusion in your printed hearings a fact sheet which provides a summary of the forestry incentives program. It is before you as an addendum to the copy of this statement.

On the first page of the fact sheet is the scope of the program, the importance of the program, leadership and implementation of the program. On the second page, distribution of funds, forestry practices eligible for cost-sharing. This, of course, is tentative.

On page 3, forestry programs eligible for annual payments up to 10 years, and that also is tentative; advantages and disadvantages of allocating funds on a bid basis; and on page 4, utilization of private enterprises and local organizations, program accomplishments expected, backlog of conservation needs, and on page 5, pilot testing of loans and annual payments up to \$5 million, and forestry cost-sharing, land use.

Mr. Chairman, your committee, of course, will want to look at all of these proposals. I am sure that you can see that there are improvements needed in the bill and I welcome your advice and your action in that regard.

(The document referred to above follows:)

FORESTRY INCENTIVES PROGRAM "FACT SHEET"

SCOPE OF PROGRAM

Directed toward 309 million acres in nonindustrial private ownership (4 million parcels—average size 78 acres).

Shares the cost of tree planting, cultural work, and practices to enhance wildlife habitat, recreation opportunities, water yields and quality, esthetic value, and harvesting of timber.

Pilot tests loan features and annual payments as incentives.

Shares the cost of providing manpower, equipment, planting stock and other materials needed to carry out the program.

Shares costs with State and other non-Federal public agencies.

IMPORTANCE OF PROGRAM

Sixty percent of Nation's productive timberland acreage is in nonindustrial private.

Seventy percent of current annual softwood sawtimber growth comes from non-Federal lands.

Sixty-five percent of current annual softwood sawtimber removals comes from private lands.

Thirty-five percent of current inventory of softwood sawtimber is privately held.

Major source of outdoor recreation opportunities—hunting, fishing, birdwatching, hiking, winter sports, et cetera.

Major source of water for human, farm, and industrial use.

Major source of wildlife—birds, mammals, fish.

Huge backlog of needed conservation work; millions of acres need treatment.

Few owners will invest in needed treatment without financial incentives.

Future demands in prospect indicate that productivity of these lands must be increased—only half of potential being realized.

LEADERSHIP AND IMPLEMENTATION OF PROGRAM

Forest Service, USDA will be responsible for overall program leadership at the Federal level—with direct involvement of ASCS and FHA and supported by SCS, FES, and other USDA agencies.

State forestry organizations at the State and local level—supported by other State agencies, county committees of ASCS; Soil and Water Conservation Districts forestry consultants, forestry associations; landowners and others concerned.

The State forester or similar State official, operating within guidelines established by the Secretary of Agriculture and with the support of appropriate Federal and State agencies operating at the State and local level, shall prescribe the details of the conduct of the program.

State and county committees will guide implementation of the program at the local level.

Technical guidance, including prescription and installation of specific forestry practices on individual tracts of land is the responsibility of the State forestry organization. The State forester will use the services of consultants or other competent foresters to the extent feasible.

Installation of practices may be done by the landowner or handled on a contract basis with conservation districts or other qualified vendors.

Contracting with landowners, disbursement of funds (including annual payments and cost-share payments) and related facilitating services will be handled by local ASCS offices.

Pilot testing of loan arrangements will be handled by local FHA offices in selected localities.

Cost-sharing payments for practices installed on non-Federal public lands will be handled under cooperative agreements executed by the Forest Service, USDA, and the State or local official concerned.

DISTRIBUTION OF FUNDS

Up to \$5 million a year will be allocated for pilot testing special loan features and annual payments. The Forest Service and FHA will plan and execute this part of the program in consultation with State and other Federal agencies.

Funds available for cost-sharing will be allocated among States on the basis of nonindustrial private forest acreage, number of ownerships, and other factors.

Funds will be allocated to specific types of practices; for example, so much for tree planting, timber stand improvements, soil stabilization, wildlife habitat improvement, et cetera.

Priority will be given to applications from landowners seeking to facilitate multiplepurpose management and use.

Bid procedures will be tested to encourage landowners to pool their projects and thus reduce per acre costs.

Costs of administration and technical supervision will be estimated and State and Federal agencies assigned specific responsibilities under the program will be compensated accordingly. Total of these costs estimated at 15 percent of the total program expenditures.

FORESTRY PRACTICES ELIGIBLE FOR COST-SHARING (TENTATIVE)

Planting or seeding trees on open land, brush land, burned over land, cutover or otherwise denuded areas; conversion of scrub hardwood to pine or other softwoods; stabilization of erosive areas. Includes site preparation for natural seeding and direct seeding.

Timber stand improvement—including thinning, weeding, cull tree removal, pruning of crop trees to improve quality, release of young growth from overtopping vegetation.

Clean up of logging slash to reduce fire hazard or esthetic impacts.

Wildlife habitat improvement—planting food species, creating openings, improving watering or nesting conditions, clearing debris from streams.

Recreation improvements—trail marking and maintenance, providing public access, et cetera.

Erosion control—seeding grass, constructing water bars in woods roads, gully plugging, et cetera.

Prescribed burning—to reduce fire hazard, improve growth, et cetera.

Firebreak construction and maintenance in high hazard areas.

Fencing to prevent livestock damage to young stands.

FORESTRY PRACTICES ELIGIBLE FOR ANNUAL PAYMENTS (UP TO 10 YEARS)
(TENTATIVE)

Keeping vegetative cover on highly erosive lands.

Providing free public access for hunting, fishing, hiking, bird-watching and other outdoor recreation.

Maintaining a wildlife or bird sanctuary or special habitat.

Preserving a tract of land as a primitive or wild area for public use and enjoyment.

Maintaining a merchantable plantation or other highly productive stand in optimum growing condition (in lieu of premature harvesting).

Demonstrating multiplepurpose management of a forest and making the site available for conservation education classes.

ADVANTAGES AND DISADVANTAGES OF ALLOCATING FUNDS ON A BID BASIS

This provision should work to stretch the Federal dollar to generate the greatest quantity of forestry work by reducing per acre or other unit costs.

This provision will afford an opportunity for the most determined and serious participants to complete successfully for limited cost-share funds.

Bid procedures should encourage landowners to "pool" their development work into large, coordinated projects that will permit economies of scale and facilitate contracting by vendors.

This provision could favor the more affluent applicants.

Program priorities based on the productive capacity of the land, the desirability of product or benefit, and the needs of the public will tend to be ignored, i.e. direction of the program would be complicated.

This provision could place emphasis on practices with a high cost/benefit ratio at the possible expense of practices with a large public benefit component and a low level of landowner interest and investment.

Bidding would add to the complexity and increase the costs of program administration.

UTILIZATION OF PRIVATE ENTERPRISES AND LOCAL ORGANIZATIONS

Consulting foresters may represent their client in arranging for cost-sharing and provide technical supervision. They may also provide technical services for the State forester on a contract basis.

Industry foresters with privately owned land under contract may provide technical supervision and planning for their cooperating landowners.

Soil and Water Conservation Districts may facilitate grouping of ownerships and provide the delivery system—the equipment, work crews, materials, et cetera, needed to plant trees and install other practices.

Landowner associations may help facilitate and implement the program by "pooling" development work with large enough blocks to attract competent vendors at competitive prices.

Consulting foresters may contract to provide both the technical planning and supervision and installation of practices to be cost-shared.

Private nurseries may supply certain kinds of planting stock.

Increased forestry investment activities will stimulate related work—boundary line location, sales of equipment, trucking, et cetera.

PROGRAM ACCOMPLISHMENTS EXPECTED

The amount of land treatment achieved at a \$25 million annual level depends on the mix of practices, unit costs, geographic distribution, et cetera. Assuming \$5 million for loans and annual payments; 15 percent for program administration and technical assistance; a southern and softwood emphasis; a 2-to-1 ratio of expenditure for reforestation to TSI; and an 8-to-1 ratio of expenditure for timber to nontimber practices—the result could be roughly in the range of 300 400,000 acres of new planting; an equivalent acreage of timber stand improvement; and an unestimated amount of other nontimber benefits.

BACKLOG OF CONSERVATION NEEDS (PARTIAL)

Tree planting—marginal cropland; areas denuded by fire or pests, open or brushcovered idle land; poorly stocked forests; old cutover areas; conversion

of scrub hardwoods to softwood, et cetera. Depending on public policy, landowner objectives, and economic aspects—total backlog may approximate 50 million acres.

Timber stand improvement—conservative estimate is that 40 percent of land in nonindustrial forest ownerships need cultural treatment of some kind; total backlog may approximate 125 million acres.

No estimates of recreation, wildlife habitat, or other nontimber needs.

PILOT TESTING OF LOANS AND ANNUAL PAYMENTS (UP TO \$5 MILLION)

Long term—low interest direct loans—up to 40 years; low as 3 percent.

Loan guarantees to facilitate borrowing from commercial lenders.

Deferred repayment—tied to timber harvest.

Annual payment or periodic payment (instead of lump sum loans).

Waiver of all or part of interest to encourage maintenance of practices, et cetera.

Nonrecourse loans—protect owner against catastrophic losses and limit his liability to the lien on the forest land or timber.

Annual payments—not on a loan basis—to encourage multipurpose management, public access for hunting, maintain wildlife sanctuaries or wilderness values; or vegetative cover on critical erosion sites.

FORESTRY COST-SHARING: 1971 REAP (ASCS) PROGRAM

One hundred forty-two thousand seven hundred and eighty-nine acres of trees or shrubs were planted for forestry purposes at a total Federal cost-share payment of \$3.0 million, \$21.31 an acre.

One hundred forty thousand five hundred and twenty acres of timber stand improvement were completed at a total Federal cost-share of \$1.8 million, \$13.04 an acre.

Mr. SIKES. I want to thank you very much for this opportunity of appearing before you and the members of this distinguished committee.

Mr. FOLEY. Thank you very much, Mr. Sikes. We appreciate your very excellent and informative statement.

Are there any questions of Mr. Sikes?

Mr. TEAGUE. I have one, Mr. Chairman.

I have a problem, Mr. Sikes. I have not yet been able to determine in my own mind whether this is a conservation bill or a subsidy for the owners of private timberlands or a little of both. My problem is this: During my 18 years in Congress, I have been one of the few members of this committee who voted against farm subsidies, just because I do not believe in them. Now, perhaps you can help me with my dilemma. I am not committed either for or against this bill. I have not decided. How do we distinguish this from the farm subsidy programs for peanuts and rice and wheat, feed grains, tobacco, and so forth?

Mr. SIKES. Let me say to my distinguished colleague that I definitely consider this to be a conservation measure. This is to improve existing resources. We are not paying people not to do something in this case to grow trees or to improve forest lands. We are not increasing the costs of the product on the market. We are trying to improve a natural resource, a very valuable natural resource, beyond the range where it would normally be improved, where it needs to be improved. We feel that the assets which will be gained by these incentive programs will add very much to an important natural resource which is going to be needed very much in the years ahead. I think definitely it is conservation and not a subsidy.

Mr. TEAGUE. Well, would it be really a little of both? A man who owns 500 acres of timberland and can't afford to clear it out, if it is

cleared out partially with Federal funds and then cut, harvested, and sold, he in effect is going to have a subsidy, is he not?

Mr. SIKES. Well, of course, individual interpretations can be broad. I do not think that it is a subsidy. I think it is strictly a conservation measure.

Mr. TEAGUE. Thank you very much.

Mr. FOLEY. Any other questions?

Mr. Burlison.

Mr. BURLISON. Mr. Sikes, I would like to commend you on another very splendid presentation before this subcommittee. I am sorry that I was late. I was not here for the entire presentation. I would like to ask a question about the mechanism of administering the program.

I notice on page 6 of your statement that you mention it will be handled by the various USDA agencies and in addition—well, more specifically, the Forest Service and the ASCA committees and the Farmers Home Administration committees, the SCS, and others. Now, you may have explained this in your statement that I missed, but could you give us a very brief résumé of just how the payments would be made?

Mr. SIKES. If you will turn to the fact sheet which I referred to and which is attached to your statement, page 1, the last paragraph on the page, "Leadership and Implementation of the Program," I will run through that very briefly.

The Forest Service, USDA, will be responsible for the overall program leadership at the Federal level, with direct involvement of ASCS and FHA and supported by SCS, FES, and other USDA agencies.

State forestry organizations at the State and local level, supported by other State agencies, county committees of ASCS, and so forth, the State forester or similar State official operating within guidelines established by the Secretary of Agriculture and with the support of appropriate Federal and State agencies operating at the State and local levels, shall prescribe the details of the conduct of the program.

State and county committees will guide implementation of the program at the local level.

Mr. BURLISON. Does this mean that those agencies will develop their own criteria, their own mechanism for distributing the funds?

Mr. SIKES. Guidelines will be established by the Federal Forest Service with the cooperation of the State forest service agencies. They will then operate within the broad guidelines established in this way. The program will be administered at the local level, along these guidelines which are established.

Mr. BURLISON. Thank you, sir.

Mr. FOLEY. Mr. Baker.

Mr. BAKER. I thank the gentleman for yielding.

I say, too, the distinguished gentleman from Florida offers a most comprehensive statement. I agree with him so consistently on matters on the floor that I hesitate to question, actually. However, I am concerned about to whom the benefits flow for the moneys which are expended by the Federal Government. This is private land. There are benefits which will develop and accrue. Is there going to be a public interest received other than aesthetically, or is there some benefit that I cannot perceive here?

Mr. SIKES. We feel that the facts are these: There are more than 4 million owners of small forests and the individual ownerships average a little less than 100 acres each. Participation in this program will be limited to those owners holding less than 5,000 acres and no owner could receive cost-sharing benefits on more than 500 acres a year.

Now, what we are trying to do is improve the great natural resources which the forests are known to offer. The average owner of a small tract does not feel that he has the money to improve his own forest holdings. These would be modest payments. It would take many, many years at the rate that is proposed to do all that is needed. As a matter of fact, it would take about 200 years at the rate proposed in this bill for all property owners to benefit under this program. The thing is, we will be improving an asset that has much more potential than the value of the timber that is going to be produced. It will improve recreational assets, improve wildlife, and improve, of course, timber resources. All of this we will need more year by year in this country.

Now, the monetary benefits do go to the land owner, yes. But we think that the long-term benefits to the Nation will much more than outweigh this modest cost.

Mr. BAKER. Just one question further. These are private lands and you refer to the recreational benefits which would accrue from the program. Is there some means by which this land is accessible for public use as a result of participation by the Department of Agriculture, or does the individual ownership prevail to control access?

Mr. SIKES. Individual ownership would prevail. I do not think we would want to say that land so helped by Federal money shall be open to the public. I think we must respect private ownership. Nevertheless, there could be in the guidelines an effort made to have as much as possible of this land available for recreational purposes for the public. But I would not think it should be made a requirement.

Mr. BAKER. I thank the Chairman.

Mr. FOLEY. Any further questions?

(No response.)

Mr. FOLEY. If not, Mr. Sikes, again we thank you for a very able presentation.

I would like to reiterate the comment made by Mr. Sikes that there is an identical bill, H.R. 14903. Mr. Sikes has been joined by Mr. Derwinski, Mr. Wyatt, Mr. Duncan, Mr. Kuykendall, Mr. Mathis, Mr. Leggett, Mr. Bevill, Mr. Kemp, Mr. Cleveland, Mr. Montgomery, and Mr. Carter. It is certainly an impressive list of cosponsors.

Mr. Sikes, thank you again very much for your appearance and testimony before this subcommittee.

Mr. SIKES. Mr. Chairman, you have been very kind and I do appreciate your courtesies in hearing me.

Mr. FOLEY. Thank you.

The Chair, without objection, will include a statement by the Honorable Tom Bevill, a Member of Congress in support of the legislation.

(The statement referred to above follows:)

STATEMENT OF HON. TOM BEVILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

I would like to thank the members of the subcommittee for giving me this opportunity to express my support for H.R. 14903, a bill to establish a forestry incentive program. The bill would motivate nonindustrial forest landowners to make better use of their forest lands.

Mr. Chairman, to meet the urgent needs of the American citizen of today and tomorrow, we must develop, protect, and use our forests to their fullest potential.

Some 4 million Americans own more than 300 million acres of timberland. These smaller tracts constitute 59 percent of the Nation's productive forest land base—more than three times the comparable acreage in our national forests. These lands already produce huge amounts of pulpwood, sawlogs and other timber products needed by our growing economy. However, these small farms are producing at only a fraction of their potential. This legislation is designed to help these small landowners in managing and developing their forests.

The need for this program has been established by the U.S. Forest Service and other Federal agencies. According to recent national inventories, millions of acres of nonindustrial private forest land needs reforestation and almost half of the 300 million acres in these holdings need cultural treatment to improve the growth and quality of the stand and to replace diseased and defective trees.

My good friend and colleague, the Honorable Bob Sikes, has made an in-depth study of the problem. He recently gave a detailed explanation of the Forestry Incentives Act of 1972. This excellent report to the Members of the House clearly shows the urgent need for this legislation.

Passage of H.R. 14903 would result in a wide range of benefits for landowners as well as the general public.

Mr. Chairman, I respectfully urge the committee to give favorable consideration to this measure.

Thank you.

Mr. FOLEY. Our next witness will be Mr. Philip L. Thornton, associate deputy chief for State and private forestry of the U.S. Forest Service.

STATEMENT OF PHILIP L. THORNTON, ASSOCIATE DEPUTY CHIEF, STATE AND PRIVATE FORESTRY, FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. THORNTON. Mr. Chairman, members of the committee, we are glad to have this chance to present the views of the Department of Agriculture on H.R. 12873, the proposed "Forestry Incentives Act of 1972."

Our comments apply also to H.R. 14903, an identical bill.

H.R. 12873 would establish a forestry incentives program to supplement existing forestry assistance programs. It would authorize the Secretary of Agriculture to provide a range of forestry incentives including cost-sharing with owners of small nonindustrial private forest lands and with owners of non-Federal public forest lands. The Secretary would also be authorized to investigate and evaluate the effectiveness of loans, loan guarantees, and annual payments for practices on private forest lands which meet the purpose and objectives of the act.

We agree with the general objectives of H.R. 12873. Nonindustrial private forest lands must play an expanding role in meeting the Nation's timber and environmental needs. Until the level of development and management for all forest resources on private forest lands is improved, our total national forestry program will continue to be out of balance. It is important that landowners plant trees, improve

the growing condition of their forests and otherwise get them in shape to meet a variety of rapidly increasing demands.

However, we cannot agree with the manner in which the objectives of H.R. 12873 are proposed to be achieved under the bill.

On March 10, 1971, President Nixon sent to the Congress his proposal for a new program of special revenue sharing for rural community development. As a part of this program, the President proposed to unite the funding of a number of Federal programs with objectives similar to the proposed forestry incentive program of H.R. 12873 into the rural community development revenue sharing program. An additional \$179 million would be added to the special fund.

The thrust of the President's proposal is to eliminate specially oriented grant programs and encourage State initiative in the allocation of broader grant funds. Under that proposed program we intend to offer strong leadership at the Federal level working with the States and governmental conservation agencies. We will continue to help them develop plans and new approaches, including incentives, to encourage individual landowners to practice sound multiple-use forest management on their lands.

H.R. 12873 would create a new special grant program and, because it would be inconsistent with the proposed special revenue sharing program, we recommend that it not be established.

We should point out also that the question of private land forestry is being considered by the new Presidential Advisory Panel on Timber and the Environment. The panel's recommendations on a broad range of forestry problems should be available later this year.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Thornton.

Are you in a position, Mr. Thornton, to tell us whether there is any other reason that the administration recommends that the proposal not be accepted than its inconsistency with the proposed special revenue sharing program?

Mr. THORNTON. Other than the panel, those are the two main reasons.

Mr. FOLEY. I have the impression that we will find the Forest Service and other Federal agencies opposing a lot of bills as inconsistent with the special revenue sharing program. I detect no interest at all in the special revenue sharing program, as far as this committee is concerned; very little on this committee, practically none in the Congress. As I recall the recent testimony by Secretary Butz, I asked him if he knew of any agricultural organizations in the country or any rural life organizations or any organizations interested in agriculture who supported the special revenue sharing program. As I recall, his answer was "not to my knowledge." So I just wonder how useful it is for the Administration to keep sending Congress reports and statements on legislation opposing it only because it is inconsistent with the special or rural revenue sharing program. We are not going to get rural revenue sharing; so the result of such a position is to deny us any kind of useful response from the Administration. I would not mind if your statements would begin with a qualification about special revenue sharing and then expressed your opinion about the bill on its merits.

If rural revenue sharing had never been proposed, could you say that you would oppose this legislation because of the existence of the

Presidential Advisory Commission on Timber and the Environment?

Mr. THORNTON. No; I would not. I would say that as far as how we would go into such a program of financial incentives, such incentives are needed and I would expect this to be one of the alternatives to be considered by the Timber Panel.

Mr. FOLEY. So on its merits, you are not particularly opposed to this bill assuming there was no inconsistency with the Special Revenue Sharing Plan.

Mr. THORNTON. That is correct.

Mr. FOLEY. The gentleman from California.

Mr. TEAGUE. Are you able to give us any statement at all of the ultimate cost of this program should it be enacted?

Mr. THORNTON. That is hard to do, Mr. Teague, because it depends on how far we go into the backlog of needed reforestation and timber stand improvement work. Congressman Sikes had some figures, there, for example, on timber stand improvement that something like 40 percent of the timber stand that now exists needs cultural work. Applying a figure of maybe \$13 to \$15 per acre for such treatment, you can project a very large amount of cost sharing if we were to take on the whole correction of backlog or needed work.

Mr. TEAGUE. If we do, I assume it would cost hundreds of millions or perhaps billions of dollars. I did not multiply that out, but it would cost a lot of money.

Mr. THORNTON. It would, yes, sir.

Mr. FOLEY. When the members are through, Mr. Murray would like to ask some questions.

Mr. MURRAY. I yield to the members.

Mr. FOLEY. Mr. Burlison?

Mr. BURLISON. No.

Mr. FOLEY. Mr. Kyl?

Mr. KYL. Thank you, Mr. Chairman.

Sir, on page 4 of this bill, we have a designation of non-Federal public forest lands. So far as you are concerned, what does that non-Federal public forest lands term encompass?

Mr. THORNTON. Sir, that encompasses State and local public lands, county lands in some States, some municipal lands, totaling about 29 million acres of productive timberland.

Mr. KYL. Twenty-nine million acres of productive timberland?

Mr. THORNTON. Yes, sir.

Mr. KYL. I just want to add one other thought here, and I am certain that this has been a matter of consideration by you and by the whole Department. One of the greatest worries that I have is that as we increase the demand for timber production in this country—I think we are already the biggest importer of wood products—and as we tend to cut the amount which is permitted to be cut from the national forest lands, I think it is inevitable that some enterprising individuals are going into this private forest area where there are vast acreages owned in small amounts, and the private entrepreneur will tell the forest landowner, now, look, you are getting a very few dollars a year from your timberland; you could get a lot more if it were in grass for cattle or available for farming, and therefore, we will clear that land for you down to 6 inches from the ground and you will have a nest egg here

of many thousands of dollars from which you can start and then you will have a basis for annual income much greater than you have at the present time. I can see the possibility that we would denude millions of acres of timber because the economics of the situation make it so attractive for the small owner to do something of that kind.

If we do not adopt some system like this, like the one which is proposed here, to help these private owners to make economic units of their land, I can also foresee that the only way of forestalling this thing that I anticipate would be through a simple prohibition of some kind in Federal law which would tend to keep these people from using their own lands in the way they see fit, in the interest, in other words, of keeping forest lands.

Now, you remember what happened the last time that was proposed. It was proposed by some of the leaders in forestry at that time. This was considered to be something straight out of the Kremlin and unthinkable, it was immoral to even think that the Federal Government would prevent an individual from using his forest lands as he saw fit. But I think we have to have something like this in between. And though your testimony tends to be completely against this bill this morning, I would hope that we might be able to expect you people to try to work out some kind of alternate ideas here, because we have to have a solution. I do not think there is any question of it.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Baker?

Mr. BAKER. No questions.

Mr. FOLEY. Counsel?

Mr. MURRAY. Thank you, Mr. Chairman.

Is it not true that under the REAP program now, forestry owners can receive Federal assistance?

Mr. THORNTON. That is true.

Mr. MURRAY. Can you furnish the committee the amount of assistance that has been made available in the last, say, 3 years under the REAP program?

Mr. THORNTON. Yes, sir; we can.

(The information referred to above follows:)

RECENT REAP (ACP) COST-SHARES FOR FORESTRY PRACTICES

Planting trees or shrubs for forestry purposes

Program year	Acres planted	Average cost-share per acre	Total cost-share dollars
1969.....	129,488	\$18.02	\$2,333,515
1970.....	133,418	17.90	2,388,682
1971.....	142,789	21.31	3,043,097

Timber stand improvement

Program year	Acres	Average cost-share per acre	Total cost-share dollars
1969.....	154,217	\$9.17	\$1,413,676
1970.....	131,582	10.83	1,425,478
1971.....	140,520	13.04	1,832,220

Mr. MURRAY. Isn't it true that under the REAP program, the appropriations for that could be increased up to the \$500 million level if Congress saw fit to appropriate sufficient funds to do so? It is not a matter of authority, it is just a matter of funds, is it not?

Mr. THORNTON. I am not sure I can answer that accurately. I think there is more to it than the authority. It is a matter of forestry practices competing with agricultural practices at the local community level.

Mr. MURRAY. That is what I mean; there are so many demands and so many customers for the program that there probably are not adequate amounts of money being channeled toward forestry improvements as would be desirable, and if more money were available, there would be no need for more authority per se, would there?

Mr. THORNTON. Well, it depends on how broad your range of forestry practices would be. Some of these contemplated in this bill are not covered in the REAP program.

Mr. MURRAY. Like recreational development, for example? This bill contemplates getting into recreational use.

Mr. THORNTON. ASCS is doing some of that on a pilot basis right now, but I was thinking of the loan aspects in particular.

Mr. KYL. Mr. Chairman, would the gentleman yield?

Mr. FOLEY. It is on the gentleman's own time.

Mr. KYL. Can you tell us if the figures included in Mr. Sikes statement here are essentially correct? At the end of his presentation, he has a review of 1971 REAP programs and he says that in that under the program 142,789 acres of trees were planted for forestry purposes at a total Federal cost-share payment of \$3 million, or an average rate of \$21.31 per acre, and that 140,520 acres of timber stand improvement were completed at a total Federal cost-sharing of \$1.8 million or \$13.04 per acre.

Mr. THORNTON. Yes, sir; those figures are correct and that is something of an increase over the preceding year as the ASCS is attempting to promote forestry practices.

Mr. KYL. This would be in addition to the funds which are spent by the Federal Government in this low-cost Federal-State forest practices program?

Mr. THORNTON. You mean the ones we are talking of—

Mr. KYL. This REAP program would be in addition to the Federal-State administrative program which we beefed up last year?

Mr. THORNTON. I am sorry, I am not sure what you are referring to.

Mr. KYL. Perhaps counsel could tell me.

Mr. MURRAY. The President just signed recently Mr. Sikes' earlier bill on improving the—increasing the ceiling to \$40 million.

Mr. KYL. The cooperative program is in addition to the REAP program.

Mr. THORNTON. Public Law 92-288 authorizes increases, among other things, in Federal participation with the States in providing technical assistance to forest landowners.

Mr. KYL. I just wanted to make it clear that this was in addition to the REAP program.

Mr. THORNTON. The two are complementary.

Mr. MURRAY. And to the urban forest program that is in there, too.

If I may, Mr. Chairman, follow up on the cost aspects.

Mr. FOLEY. Yes.

Mr. MURRAY. Could you supply us for the record a statement of the range of costs that would be at a maximum and a minimum level for the next 5 fiscal years, assuming the enactment of this legislation? Because we need to know the scope of the commitment or the scope of the costs for the information that Congress is to go on.

(The following information was supplied by the Department:)

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
June 16, 1972.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: At the recent hearing held by your subcommittee on forests on H.R. 12873 and H.R. 14903, we were asked to supply information concerning the amount of REAP assistance made available for forestry practices during the past 3 years. This information is enclosed.¹

We were also asked to provide an estimate of 5-year costs for implementing H.R. 12873. The maximum level of costs would be the full \$25 million per year authorized if funded starting in Fiscal Year 1973. Because of the backlog of demands, the number of States involved, and needed work, we estimate that should H.R. 12873 be enacted, a minimum program might require \$20 million per year. However, funding in the first 2 years could be reduced to \$10 and \$15 million respectively as nursery stock is produced for distribution, work crews are organized and State and local arrangements are completed.

Sincerely,

THOMAS C. NELSON,
Deputy Chief.

Enclosure.

WASHINGTON, D.C., June 27, 1972.

Hon. JOHN L. McMILLAN,
*Chairman, House Subcommittee on Forests, Longworth House Office Building,
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to Hyde Murray's request for additional information relating to the magnitude of needs for improvement of the productivity and use of nonindustrial private forest lands. This supplements the statement of this Department on H.R. 12873 before your subcommittee on forests.

First, we wish to reemphasize our recommendation that H.R. 12873 not be enacted. Our position is that the objectives of the bill can better be accomplished through enactment of this administration's proposals for special revenue sharing for rural community development.

Since 1969, we have been involved in analyses of the projected timber supply and demand situation and related environmental concerns. In response to President Nixon's June 19, 1970, directive we have used those analyses to identify various program opportunities and alternatives to increase the production and harvesting of timber on State and private lands consistent with maintaining environmental quality. As a part of this analysis we examined cost-sharing of reforestation, timber stand improvement and other practices needed to improve the productivity and management of non-Federal forest lands. Such incentives would be designed primarily to increase annual growth of harvestable sawtimber from these lands so that it would be possible to hold the relative price index for lumber down to 115 (based on 100=1961-67 average prices). If nonindustrial private lands are expected to produce the additional 21 billion board feet per year of softwood sawtimber projected to be required from them in the year 2000, a continuing effort of this type may be required.

Nontimber demands on these lands are also rising sharply. Forestry incentives could help to assure both modification of timber management practices and special practices to improve environmental quality, expand outdoor recreation opportunities, enhance wildlife habitat and protect soil and water values.

¹ See p. 17, supra.

The magnitude and scope of any forestry incentives program must be a direct reflection of needs and priorities. A large backlog of reforestation and other forest land investment opportunities has been identified. For example, the "Southern Forest Resources Analysis" conducted by the wood-using industries identifies a need for 30 million acres of reforestation and 90 million acres of timber stand improvement in that region alone. A low level of investments could lead to sharper rises in the future relative prices of lumber and other forest products. Conversely, a high program level could force investments toward sites and practices having less cost-effectiveness. As mentioned in our statement on H.R. 12873, we expect that the President's Advisory Panel on Timber and the Environment will consider forestry incentives among other means of assuring supplies of timber and other benefits adequate to meet future housing needs and other demands.

Preliminary analyses by the Forest Service in response to the President's directive indicate that an effective 10-year program averaging about \$93.5 million of Federal investments per year could be near optimum in meeting lumber price and related objectives. Ten-year accomplishment targets would include tree planting on about 18 million acres; stand improvement on about 25 million acres and a sustained annual increase of at least 9.8 billion board feet of sawtimber growth from these lands by the end of the 10th year. The bulk of such a program should be directed to softwood species and to nonindustrial private lands.

Under these preliminary assumptions, projected annual Federal costs for timber and related practices would average 74.5 million dollars. Of this, \$4.6 million would go for 50/50 cost-sharing on non-Federal public lands and \$0.7 million, would be used to help the States accelerate nursery production of planting stock. Cost-sharing, the main expense, was estimated on a 75 percent Federal—25 percent landowner basis. Nontimber practices to protect and enhance the forest environment would total \$19.0 million annually. The estimated requirements for Federal funding during the first 5 years under the above assumptions are:

First year, \$19.5 million; second, \$35.1 million; third, \$51.8 million; fourth, \$85.9 million; fifth, \$110.1 million; totaling \$302.4 million.

We expect that this approach and these cost estimates will be considered in detail by the President's Advisory Panel.

We reiterate that our comments are intended to provide additional factual information relating to the subject of H.R. 12873 and should not be construed as an indication of support for this legislation.

Sincerely,

J. W. DEINEMA,
Acting Chief.

Mr. MURRAY. If there is a 500-acre limit in here, what do you anticipate that would be in individual payment cost to an individual landowner? What do you think it will cost in terms of money there?

Mr. THORNTON. It depends on the practices we are talking about and what part of the country we are in. But, for example, the planting costs might be \$25 to \$35 an acre, timber stand improvement might be \$15 to \$18 an acre. It would depend on the mix of those principal practices.

Mr. MURRAY. And you construe the 500-acre ceiling as an annual ceiling up to the total of 5,000 acres for any one owner?

Mr. THORNTON. This would have to be determined. It could be whatever the Secretary would decide on that.

Mr. MURRAY. Now, somebody could go into the Christmas tree business, for example, and get 80 percent of their costs paid to start up a Christmas tree farm on a 500-acre farm under this bill, and harvest Christmas trees, down South maybe in 5 years and up North maybe in 10 years, and have a Christmas tree crop courtesy of the Agriculture Department or the Forest Service, under this bill, could it not?

Mr. THORNTON. Unless there was some administrative decision not to do that, yes.

Mr. MURRAY. Well, if you decide to plant Norway pine on a 500-acre plot, what administrative decision is there to make on that?

Mr. THORNTON. Because there will have to be priorities on how this money is expended, various programs competing among themselves. This is the purpose of the broad guidelines at the Federal level with the State and local guidelines more detailed. It would be a matter of competition at the State and local level between practices.

Mr. MURRAY. One other point in operating a program under this bill, too. Where the State gives tax benefits or some kind of State incentive to plant trees, this would be on top of that; would it not? I mean this would be an additional benefit to the landowner. He could exploit the State program and then get 80 percent cost-sharing under this program.

Mr. THORNTON. Not necessarily. I understand Virginia, for example, has such a law and they make a distinction and do not allow an owner to qualify for both kinds of cost-sharing, that is the REAP program and the State program.

Mr. MURRAY. The way your bill is here, it would not do that, would it?

Mr. THORNTON. I do not see that in the bill, no.

Mr. MURRAY. Thank you.

Mr. FOLEY. Mr. Thornton, without belaboring my earlier point, I recognize, of course, that a department cannot just state its opinion on legislation but must confer with the Office of Management and Budget and others to formulate the administration's position. However, as long as the Administration insists on not receiving specific legislative proposals because of the pending special revenue sharing proposals, we cannot receive the benefit of knowing what the specific attitude of the Department is in its constituent departments on rather technical legislation. So let me, just in a general way, express my growing dissatisfaction with this type of report. I think we could almost take a kind of judicial notice that the administration is in favor of special revenue sharing and that could be admitted, stipulated fact in every case of a bill that has a special grant aspect, and then we could get down to business. But after we go through that charade, I would hope that in the future, we could have some specific opinions expressed by the Forest Service and other agencies of the Department of Agriculture and other departments that testify, to give us some guidelines on what is admittedly, for us, a difficult technical problem occasionally.

Mr. Thornton, I again thank you very much for appearing today and for expressing the views of the administration on this pending legislation.

Mr. THORNTON. Thank you, Mr. Chairman.

Mr. FOLEY. The next witness will be Mr. Ralph C. Winkworth, North Carolina State forester, Raleigh, N.C.

STATEMENT OF RALPH C. WINKWORTH, CHAIRMAN, COOPERATIVE FOREST MANAGEMENT PROGRAM COMMITTEE, NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. WINKWORTH. Thank you, Mr. Chairman, members of the subcommittee.

In addition to being State forester of North Carolina, I am also serving as chairman of the cooperative forest management program of the National Association of State Foresters. It is in behalf of our 50 State forestry program directors that I am testifying today and appearing

at the direct request of the president of our association, Sam Cobb of Pennsylvania. We appreciate your consideration of our views on this important forestry legislation.

The State foresters, whose primary responsibilities are the protection, development, and wise use of the State and privately owned forest lands to which this program is directed, have long recognized and have repeatedly called attention to the urgent need for a Federal program of forestry financial incentives. More than any other single group of foresters we realize the potential of that large portion of our forest resources in nonindustrial private and State ownerships. We can confirm the detailed statistics which are already in the record concerning the possibility of greatly increasing the yields of timber, water, wildlife, recreation, and other environmental values through the application of sound forest management practices on these lands. State foresters are also keenly aware of the present and projected future needs of the Nation for the goods and services of our forest resources. We work closely with our partners in the U.S. Forest Service and the other Federal forestry agencies and we are very familiar with the problems relating to the management of Federal forest lands. We know that the answer to the Nation's forestry problems must come from improving the productivity of our State and private nonindustrial forests.

My own State of North Carolina has probably gone as far as any other State to encourage improved management of our small private woodlands. In 1967 our State legislature authorized and funded a program to make available to small landowners the same forestry practices covered in The Forestry Incentives Act through the use of State manpower and specialized equipment on a custom fee basis and through the active support of private contractors. We have made appreciable progress in getting the work done and, even more important, in establishing a large group of competent private contractors to perform forestry services which were practically nonavailable to the private landowner 5 years ago. The one missing link in our program is a source of financing for the great majority of these small forest owners who cannot afford the long-range investment of expensive cultural practices with no cash return during their lifetime. The program set forth in this act would fill this need and, on the basis of our experience, would accelerate productive forest practices on these lands at a rate well within the expectations of the sponsors of this legislation.

The National Association of State Foresters would like to recommend to your committee several areas where we feel H.R. 12873 and H.R. 14903 should be reviewed, in an effort to clarify the intent of the Congress with respect to implementing this program.

Under section 4, 2-b, we would suggest that the State forester, or appropriate State official responsible for forestry, be designated specifically as an ex officio member of the State REAP Committee. We feel that in this capacity he would reduce the possibility of misunderstandings or poor communications between the State forester, as the responsible forestry program administrator, and that committee.

Under section 6 we would recommend, for the subcommittee's consideration, the following wording in the initial sentence. "The Secretary is authorized and directed to utilize the State Forester, or other

appropriate official of each State and the State Forestry Advisory Committee, in the conduct of the forestry incentives program provided for in this Act." We feel that this wording change would clarify the administrative responsibility between the Department of Agriculture and the State agencies administering the program.

Lastly, we would recommend that section No. 7 be reworded to remove the possible interpretation of the current draft, to the effect that this is a 1-year program. We are certain, in view of the objectives of the legislation, that this is not the intent of the Congress.

Mr. Chairman, in addition to my statement that I have printed, I would like to give a couple of statistics in response to past questions.

In North Carolina, we have 245,000 private nonindustrial landowners with 500 acres or less in their ownership, 220,000 with 100 acres or less.

Mr. Chairman, I again express my deep appreciation for your consideration of myself and the views of our association.

Mr. FOLEY. Thank you very much.

We are very pleased that you have taken the time to give us the benefit of your expert knowledge on this subject.

Are there any questions?

Mr. KYL. Mr. Chairman.

Sir, you mention that you have 245,000 landowners who have 500 acres or less and 220,000 with 100 acres or less. Can you tell us how many landowners in your State own 5,000 or more and are nonindustrial?

Mr. WINKWORTH. I cannot tell you. I do not know that those statistics are available. I would say there are relatively few. A very large percentage of them own 500 or less.

Mr. KYL. Would you also say this, that those owners who have 5,000 acres or more generally take better care of that land as forest land than do the smaller operators?

Mr. WINKWORTH. This is certainly true in my State and my part of the country.

Mr. KYL. Now, in this bill, we go up to plots of 5,000 acres or less, and there has been some concern already expressed by one member here that in such cases, you are putting an awful lot of money into one landowner's property. Do you think it would be possible to limit this top figure rather stringently and still achieve the purpose to which the bill is directed?

Mr. WINKWORTH. Again, I can answer this as far as North Carolina and the Southeastern States, and I think, yes, it could. But I would hesitate to give an answer nationwide because I am not familiar with the landownership pattern, particularly in the Western States.

Mr. KYL. Would you, so far as your area is concerned, hazard any kind of an opinion as to what would be a reasonable figure under that 5,000 figure that is in the bill?

Mr. WINKWORTH. 5,000 acres? Under the 5,000 acres?

Mr. KYL. Well, could you suggest, perhaps—

Mr. WINKWORTH. I would be happy with 500, and certainly 1,000.

Mr. KYL. You would be happy with 500 and certainly would be happy with 1,000?

Mr. WINKWORTH. Based on the experience of our custom service program, offering these services and the type of clientele that our State foresters are working with.

Mr. KYL. Obviously, you have had an opportunity to study this thing nationwide, at least to a degree. It is true, is it not, that most of these private, nonindustrial forest plots in small acreages are in the South and Southeast sections of the United States?

Mr. WINKWORTH. Yes, sir; I think that is true.

Mr. KYL. Thank you, Mr. Winkworth.

Mr. BURLISON. Mr. Winkworth, on page 2 of your statement, the first full paragraph on the page, you indicate that your legislature has authorized and funded a program similar to what is proposed here.

Mr. WINKWORTH. Without the incentive, sir. Our program is to provide the specialized equipment and the manpower needed to carry out the practices on a custom fee basis, yes, sir.

Mr. BURLISON. And you used the figure 1967, I assume, 1967 and the following years?

Mr. WINKWORTH. Yes.

Mr. BURLISON. What has been the annual cost to your government?

Mr. WINKWORTH. Our appropriation for the first 4 years was \$1.7 million, which went primarily into specialized site preparation equipment and trained manpower which we found unavailable to perform the work which in our State is primarily mechanical site preparation, tree planting, some prescribed burning, and timber stand improvement in the hardwood areas of the western part of the State.

Mr. BURLISON. And in the last paragraph on that page, you propose to include the State forester and other appropriate State officials, along with the State REAP committee. Would it sound feasible to you to also include the State in sharing the costs of such a program as this?

Mr. WINKWORTH. For the State to share the cost?

Mr. BURLISON. Yes.

Mr. WINKWORTH. I think, sir, that this would be difficult, that the private owner would share the cost, as he does. I think in our case, we feel that the State is making the contribution through a large portion of the share of the forester making the recommendations, in our case to purchase of the equipment and the people, the training of these people. I think there would be problems in getting 50 States to fund State money to cost share. We think that this should be the responsibility of the owner of the land. Certainly in the case of the State right now—

Mr. BURLISON. I did not mean that the State would supplant the Federal participation. What I had reference to was the State participating with the Federal Government in sharing the costs. And your answer is you feel that would not be workable or feasible?

Mr. WINKWORTH. I think that is correct.

Mr. BURLISON. Thank you.

Mr. FOLEY. Thank you, Mr. Burlison.

Mr. Winkworth, counsel would like to ask a question.

Mr. MURRAY. How much is rural forestry land worth in North Carolina, per acre, would you say?

Mr. WINKWORTH. That is a difficult question.

Mr. MURRAY. Could you buy 500 acres for \$50 an acre out on a mountaintop someplace?

Mr. WINKWORTH. Maybe out on a mountaintop, but I think you would start with \$200.

Mr. MURRAY. For scrub land?

Mr. WINKWORTH. For forest land. But I hate to put it per dollar acre, because there is the productivity of the land, the location, so many other things are involved.

Mr. MURRAY. You have no figures readily available, studies from the State, values of land, for forestry land?

Mr. WINKWORTH. No, sir; I do not think there is any one answer to that.

Mr. MURRAY. Thank you.

Mr. FOLEY. Thank you again, Mr. Winkworth.

The next witness will be Mr. J. Walter Myers, Jr., executive vice president, Forest Farmers Association, Atlanta, Ga. Mr. Myers, we welcome you to the subcommittee.

STATEMENT OF J. WALTER MYERS, JR., EXECUTIVE VICE PRESIDENT, FOREST FARMERS ASSOCIATION

Mr. MYERS. Mr. Chairman, members of the subcommittee, my name is J. Walter Myers, Jr., and I am executive vice president of the Forest Farmers Association, which is headquartered in Atlanta, Ga. Forest Farmers Association is an organization of timberland owners, and primarily small, nonindustrial private owners—in 15 Southern States. Basically, we are the people this bill is designed to help. It is a pleasure to appear before this committee to present our association's views in support of H.R. 12873 and H.R. 14903, the Forestry Incentives Act of 1972, introduced recently by Robert Sikes of Florida and cosponsored by a number of distinguished Members of the House of Representatives.

Since ours is a regional association, limited to the Southern States, I will confine my remarks to this area, although this bill will contribute importantly toward increased reforestation activities all over the country, if enacted. My statement will not be long, because I do not want to duplicate what the committee has already heard. I would, however, like to make several points in support of this highly desirable measure.

First, Forest Farmers Association was one of the original cosponsors of the Southern Forest Resource Analysis, which resulted in the report, "The South's Third Forest." This study was undertaken to determine how the South had achieved its vastly improved timber position over the past several decades and how this trend could be continued. This study, as the committee likely knows, was a privately sponsored effort, undertaken jointly by private timberland owners and forest industry. We were trying to solve some of our own problems rather than depend on other people to solve them for us.

One of the most important findings was that 141 million acres or 70 percent of the South's timberland is held by private, nonindustrial timberland owners. Furthermore, a tremendous opportunity exists to increase timber production and development of other private resources

on these lands as well as timber which are currently held by over 1 million private, individual owners.

The opportunity becomes all the more apparent when it is realized that timber production in the South, alone, must be more than doubled by the year 2000 to meet the Nation's anticipated needs for timber for housing construction and other vital needs. And I might add here also the question that I noticed came up before the committee about who benefits from the timber. The interesting thing is this is like who benefits from our row crops, our food. Obviously, the people, the general public, benefit when you raise the food crops. Well, you do not go out and buy a thousand board feet of lumber, but when you get ready to buy a house, this is a consumer item. It is just like bread, just like milk, like anything else. And the people who benefit are certainly not the supermarkets nor the growers nor the processors of our food. The same thing is true in timber.

I might add that the lands in the South owned by the Federal Government and private industry, about 35 million acres or 40 million, are generally being well managed. Therefore, the best opportunity for further development of our timber and forest resources in the South is on the over two-thirds of the commercial forest lands held by these private, individual owners.

And what did "The South's Third Forest" report pinpoint as the most critical need in the further development of the lands held by these small, private owners? The answer is planting of some 30 million acres of barren or understocked lands, and timber stand improvement—upgrading by removal of undesirable weed trees—on some 90 million acres. Furthermore, the planting job needs to be done by 1985 if the South is to contribute its share toward meeting the Nation's anticipated needs for forest products.

Among the most critical roadblocks in motivating private, nonindustrial landowners to develop their forest lands more fully has been capital for the investment necessary, and the assurance of a reasonable return, preferably on an annual basis.

H.R. 12873 and H.R. 14903 with their provisions for 80 percent Government and 20 percent private owner cost-sharing offers what would seem to be an attractive proposition, as regards investment capital, and the pilot studies on loans and annual payments may well provide a workable solution to the other facet of the problem. Our association strongly urges such studies to be undertaken on the feasibility of some type of annual payments to help the private owner offset costs for taxes and other recurring expenses, which presently must be met out of pocket while he waits 10 or 20 years for a cash-producing harvest.

This, generally, covers the Forest Farmers Association's views on H.R. 12873 and H.R. 14903, with the exception of two items. First, our association strongly endorses the concept of cost sharing. We feel the owner should be required to put up some of his own funds, as the bill requires, as an indication of good faith and personal involvement.

Second, the Forest Farmers Association feels that the legislative intent for administration of this program should be clearly spelled out. As we understand it, funds would be allocated to landowners by county and State Agricultural Stabilization and Conservation Service

committees. This uses an existing agency and is highly desirable; however, we strongly urge that safeguards be instituted so that the funds for this program are clearly earmarked for use in forestry activities only. In addition, we urge that the State forester in each State be specifically charged with administration of the program, in cooperation with the U.S. Forest Service. Clear understandings on these points will, we believe, contribute to a more effective handling of this excellent program.

That concludes my statement. However, I do want to congratulate Congressman Sikes and the cosponsors of this important measure for their farsightedness and understanding in developing and introducing this valuable legislation. I feel it will contribute substantially to the advancement of forestry development in the South, and over the Nation.

The committee's favorable consideration to H.R. 12873 and 14903 is invited and will be appreciated. Thank you.

Mr. FOLEY. Thank you, Mr. Myers.

Any questions of Mr. Myers?

Counsel?

Mr. MURRAY. Just one, Mr. Chairman.

I see from your figures there are 141 million acres of land in the South that would be potentially eligible for this kind of a program. If \$1 an acre were spent, then, we are talking about \$141 million, are we not?

Mr. MYERS. Let's put it this way. Not everybody will participate. I wish we could say we would get 100-percent participation, as contemplated.

Mr. MURRAY. No, we will not get that, and we will not spend \$1, either. It would be more like somewhere between \$10 and \$20. Are we talking about a billion dollar program in the South?

Mr. MYERS. This is a very good question. On the other hand, this program provides \$25 million.

Mr. MURRAY. To get started?

Mr. MYERS. Yes, sir; to get started. And I would anticipate that I, for one, would like to see the program tried. I think it has merit and certainly, you can put upper limits on it. You have upper limits on the REAP program and if all the agricultural row crop people participated in the REAP program, we could spend the entire budget.

Mr. MURRAY. What I am trying to get at is the commitment is pretty great—because the need is pretty great. And there is a tremendous ownership of private land in this country that would be eligible for forestry assistance. The potential expenditure is really measured in the billions of dollars. It is a question of how much we hold out as a ray of hope for those who are all going to get something compared to how much can be delivered.

Mr. MYERS. Yes, sir; but I think we have government by priorities. I think with welfare, you can spend untold billions of dollars. What you do is in the context of balance, and I have full faith in the Congress to do that. I would say furthermore that if we are going to build 28 million houses or dwelling units or living quarters in the next 10 years, lumber is one of the major requirements and we are speaking of meeting this need. So we are going to need to do everything we can to make these acres productive.

Mr. MURRAY. On the other hand, that \$25 million provided for in the bill is going to be pretty thin spread around 141 million acres in the South, plus all the rest of the country.

Mr. MYERS. This is true, but we would hope this would stimulate more of these people to do more themselves. This is a stimulation. I think it is true of our cooperative fire program, which is an excellent program. But we could use twice as much money.

Again, I and certainly the members of the committee must debate this continually, the priorities of how much money you give. We could not possibly hope to meet all the needs, but we believe this will provide an excellent start.

Mr. MURRAY. Thank you.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Kyl?

Mr. KYL. According to the figures we had before this morning under the REAP program, we treated something like 283-plus thousand acres at a Federal cost of \$4.8 million last year, fiscal 1971. Now, unquestionably, had there been more REAP funds available, those amounts could have been larger, is that not correct?

Mr. MYERS. Yes, I think so. Part of what we find is when this money gets down to the local levels, forestry does not always fare too well. And there is a degree of understanding that many of us have for this. If you can take money and lime a pasture and realize a better income than you can for forestry activities, or if you can perform other activities—I do not know what the farmers hope to get, 10 or 15 percent annual return on their money, hopefully, I guess—this may be a little high.

Mr. KYL. Yes, it is.

Mr. MYERS. But it is hopeful. But then in forestry, we say they can gain 6 percent. Well, sir, I know that all of us know where the money will go in the committee—I mean in the local ACP committee. This is exactly what has happened. Forestry has gotten a minimal share.

This is what we like about this bill. Mr. Murray says that it provides only a small incentive at the State level, and I agree with that, but it would not be battling the other folks for row crop activities. We would not question the importance of them; we would just like to see forestry be able to count on some funds.

Mr. KYL. You understand, I am not arguing with you. I am trying to work out a little something here, maybe, where we can prove it by going in other directions.

Now, this amount of money that I have mentioned here, \$3 million plus \$1.8 million, those dollars were spent for forestry practices. Those REAP funds were spent for those purposes. These are not total REAP funds. These were dedicated to the purpose.

Mr. MYERS. Yes.

Mr. KYL. If we had had more money, we probably could have had greater participation, greater Federal expenditure. Now, one thing that will bother a lot of people is an 80-20 funding. We can get by pretty well on a matching basis, because then we say, well, we are supplying half of the money.

Mr. MYERS. Yes, sir. If I might say something here, though, in the bill, it provides an 80-20 maximum. Now, it also provides, sir, for

bidding in. If someone can bid in a particular tract at a lower figure and get the money on a 50-50—part of our problem, and certainly this may not pertain specifically to this, but it pertains to everything. The States are strapped for funds, the local communities are strapped for funds the taxpayer is strapped for funds. And one of the tremendous things taking place is the ad valorem taxes are going up continually. The landowner is paying in Georgia, I believe it is in the area of \$1 an acre per year in taxes. Now, then, to ask him to put in \$50 an acre to prepare the site for planting—this is what is being done. Certainly you can plant for less money. It varies all over the scale, from maybe \$15 up to \$50 or \$60. And then to wait 20 years and anticipate his ad valorem taxes, which have gone up about 200 percent in the past—200 or 300 percent in our State in the past 10 years, and knowing this trend can only continue going up, he is going to shake his head and say, it just is not worth it. If I have that kind of money, maybe I will put it in savings and loan.

Yet if we are going to house the people in the country, 70 percent of the land that can grow this timber in the South is in these small ownerships. And we cannot write them off and hope to provide the products.

And I know what is going to happen and probably in the short term, it is almost inevitable. We are going to encounter some shortages in lumber, the prices are going to go up. They have already gone up some. And there would be a great hue and cry. But it is not because anyone is trying to take advantage of anybody, it is because of the economics, sir.

Mr. KYL. Well, there is another side of this economics. You say everybody is strapped except Uncle Sam. The only difference is Uncle Sam can borrow money. We are going to be in deficit perhaps \$25 billion this year.

Mr. MYERS. That is true, but—

Mr. KYL. When we get through trying to figure dollars equities and values and so on, we have a lot of people who are going to say, look, if we are going to have to pay for 80 percent of the practices so somebody else can profit on this land, maybe Uncle Sam ought to buy the land. I do not go along with that approach. There are going to be people who are going to say if you put this much money in, then maybe we should put a little more in. We run into this on the easements and fee acquisitions. The easement costs run so high, you are better off trying to get title to the land. Mr. Foley can tell you this.

Mr. MYERS. This is a point.

Mr. KYL. Do you not believe if we had a 50-percent matching, in the conceivable future, we could spend \$25 million here in forestry improvement and get all the customers we need for a number of years?

Mr. MYERS. I think you could get many.

Mr. KYL. You could probably get all the customers you could handle at that rate?

Mr. MYERS. I would say you would skim the cream off, certainly. And there are many of these people—it depends on how much the Nation needs the timber, and also on the other point, this is an investment. I lived through the Depression and I am sure the members of

the committee did. Some of the younger folks didn't. But these lands lapsed back to the State and there was no revenue that came in. By providing a program such as this, which is not a subsidy—this is cost sharing. I do not want a subsidy. I would hate to see us go that way.

Mr. KYL. Let me ask you a question. Suppose the Federal Government goes into a participation program like this and after 2 or 3 or 5 years, he says, I am going to sell my land and the fellow he sells it to is a developer and he goes out and cleans the timber off. What recourse does the Federal Government have?

Mr. MYERS. I think they also have the recourse of taxes.

Mr. KYL. The Federal Government?

Mr. MYERS. Yes, sir, at least they do—in other words, whatever the developer paid and whatever the man received beyond his money, he would certainly have to pay a substantial portion in capital gains or something. Up to 25 percent would go to the Federal Government.

Mr. KYL. Suppose I own a piece of this property. I sell it to a developer, I have some Federal money to improve the forestry practices. I sell it to a developer, someone who is going to clear the land. He has no obligation to the Government, having purchased the land. And I in turn reinvest the money back in property which is similar. I get by with a pretty small bite—a very small bite, as a matter of fact, under existing law. What kind of provision should we write into this act which would protect Uncle Sam if the guy who got the money to develop the land reneges after 1 year, 5 years, 10 years? How do you write that into law?

Mr. MYERS. Well, the State of Florida has done something like this. They have what they call a rollback provision. They have a green belt. This is a very involved problem and I certainly do not want to take up the committee's time except to explain your point, sir. But they have areas near cities that are becoming urban. They have been rural and now they are becoming urban. To keep these lands from being slaughtered, if a man wants to keep it in timber, he can keep it in timber and pay a tax as timberland. But then at the time it is sold to a developer, or somebody else like that, he pays, I think it is a 3- to 5-year rollback tax on it. In other words, he picks up the full tax load before he can sell it.

Now, something of this nature—

Mr. KYL. How does Uncle Sam do that? He does not have property tax. This is a State action.

Mr. MYERS. Well, a provision like this, a Federal provision, could be written similar to this.

Mr. KYL. Do you think we could ever get a provision through the Congress that would say that every farmer who got some help through a REAP program or some other coop program would have to pay back Uncle Sam?

Mr. MYERS. I think you would have difficulty, honestly, I really do. Yet these are not tremendous programs as far as money is concerned. I think much of this will be recovered if it is sold, because if there is any substantial sale there, the Federal Government is going to get at least 25 percent of the gain under the present capital gains laws. And if it is ordinary income, he is going to get more.

Mr. KYL. Now, is it not true that only about one-third of these private nonindustrial forest lands today have what we might call adequate forest practices?

Mr. MYERS. Oh, I think one-third would be high, sir.

Mr. KYL. Well, let's say it is one-third. You have 200 million acres of land that needs improvement at an average cost last year of \$21 an acre—\$21 per acre times 200 million acres; if we did this job totally, it would involve a lot of bucks, would it not?

Mr. MYERS. Oh, yes, but as I mentioned before, if we did our welfare job totally, it would be astronomical. I do not believe you would have that. I think if we could encourage 25 percent of the people to participate, we would think we were phenomenally lucky.

Mr. KYL. Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Myers.

Any further questions?

(No response.)

Mr. FOLEY. Again, Mr. Myers, we appreciate your testimony.

Our next witness is Mr. Kenneth B. Pomeroy, chief forester, American Forestry Association, and chairman of Trees for People, Washington, D.C.

STATEMENT OF KENNETH B. POMEROY, CHIEF FORESTER, AMERICAN FORESTRY ASSOCIATION; AND CHAIRMAN, TREES FOR PEOPLE

Mr. POMEROY. Mr. Chairman, members of the committee, I am Kenneth B. Pomeroy, chief forester of the American Forestry Association, and chairman of Trees for People.

The American Forestry Association is a conservation organization with some 80,000 members, with an objective of "Conservation through wise use." Trees for People is a committee of conservationists, landowners, and industrialists interested in improving the management, protection, and use of the Nation's 4 million private, nonindustrial forests. Incidentally, about 25 different organizations are represented in the Trees for People group, so this is not just something of the American Forestry Association. It is a broad interest group.

Small forests hold the key to future wood supplies because they contain about 60 percent of all the commercial forest land in the United States. But they have been reduced to a low level of productivity during more than a century of unmanaged use. A recent conservation needs inventory indicated that trees need to be planted on 25 percent of the land in these small forests while cultural treatments such as removal of diseased, deformed, and defective trees needs to be applied to 46 percent—138 million acres—of the area.

Other surveys indicate that within a decade or two wood requirements nationwide will exceed timber growth unless steps are taken immediately to increase the productivity of these private, nonindustrial forest lands. As a matter of fact, high quality hardwoods, such as walnut already are in short supply.

This problem has been examined by Trees for People for the past 3 years. The committee has identified four key steps in its program "Time for Action"—attached.

Step 1, "Fire Protection," and step 3, "Technical Assistance" were considered favorably by your committee in H.R. 8817. This bill became Public Law 92-288 on May 5, 1972.

Step 2, "Controlling Insects and Diseases" was acted upon last year by the Congress and is being considered again this year by the Appropriations Committees.

Step 4, "Cost-sharing" is before your committee now in H.R. 12873 and H.R. 14903.

Sharing the cost of long-term investments such as tree planting is in the public interest because watersheds are protected, wildlife habitat is improved, and the environment is enhanced while at the same time assuring the Nation of a future supply of wood.

Therefore the American Forestry Association and Trees for People endorse the principles contained in H.R. 12873 and H.R. 14903. We offer the following suggestions for your consideration:

1. "Cost-sharing" should be administered through existing agencies of the U.S. Department of Agriculture and State governments.

2. Silvicultural specifications and program priorities should be developed in consultation with State foresters and advisory committees because soils, forest types, and climatic conditions vary greatly between and within States.

3. Each tract to be treated under "Cost-sharing" should be examined in advance by a qualified forester and inspected after treatment to insure compliance.

4. The first sentence of subsection (2) of page 4 of H.R. 12873 and H.R. 14903 should be amended to read, "(2) Cost-sharing with non-profit groups, individuals, and public bodies for the purpose of providing equipment to carry out the practices to be encouraged by the forestry incentives program."

5. On page 6, line 3 after "guarantee" insert "to make" so that the Secretary may "make" as well as "guarantee" loans.

6. On page 7, line 6 after "appropriated" insert "annually" so that the bill will provide for annual appropriations.

I would like to digress a little bit if I might, Mr. Chairman.

Some of the questions asked this morning bring to mind some other things involved in this whole program. The other day, for example, I was reviewing the findings of the 1908 Governors' Conference, which is thought to be the beginning of the conservation movement in this country. Out of that conference came the first informed estimate of how many acres needed to be reforested in the country, and guess what the estimate was. Somewhere between 56 million and 80 million acres. Now, this is 1910, at the time that this particular estimate was made. And here we are today with a conservation needs survey that indicates to us that somewhere between 75 million and 100 million acres need to be planted. And in the interim between 1910 and today, we have pretty well used up all that backlog of virgin timber that we had in the Deep South and the South and the Far West. So we are coming to the time not too far ahead, and we do not know exactly when it is—we do not know whether it is the year 2000 or the year 2001, but we are coming up to a stage when we are going to have to have more wood than we are producing today; the estimates say twice as much.

Well, now, where are we going to get this wood? We can get some of it out of the national forests, but we are not going to get too much more because the pressures for recreation and wilderness and the problems you fellows have considered everyday are going to limit the total additional wood that comes out of national forests. And you are not going to get too much more out of the private industrial lands, either, because these lands are being managed intensively now. So what do we have left?

We have left 4 million private nonindustrial forests. So some way, we have to come to grips with getting these forests back into production.

Now, today, they are producing half or less than half, depending on the areas. They are certainly not producing anywhere near what they could produce.

This is the problem that we have really come down to. And we cannot do it all with tax dollars. The job is too big. In the length of time it takes to put this 300 million acres back into full production, it is going to take us 30 or 40 years and a lot of money. Somehow or other, we must get private enterprise back in the act—the banking interests. This is the reason for suggesting the pilot loan program as a part of H.R. 12873.

Thank you very much, gentlemen.

(Attachment to prepared statement follows:)

TIME FOR ACTION

(By Kenneth B. Pomeroy)

What are we going to do about private forests?

We have talked about them since Ben Franklin noted a lack of fuel wood within wagon haul of Philadelphia.

We have counted them—4,500,000.

We have measured them—309,000,000 acres.

We have inspected them. Some need planting. Others are cluttered with useless relics of former tree crops. Only 29 percent are in satisfactory condition.

We have weighed their role in the national economy. They must produce wood more efficiently if future needs are to be met.

All of these observations and more have been documented expertly by the Southern Forest Resource Council in its excellent report *The South's Third Forest*. Additional findings have been reviewed by "Trees For People," a national task force of conservation, industry and public advisors.

The time for talk and study has passed. No magic formula has been found. Nor is one likely to be devised. Techniques that work abroad fit different economic and social conditions. We must rely upon our own proven methods.

The initial stage is to place greater emphasis on activities that forest owners cannot handle adequately by themselves.

Why? Because private forests serve all the people—forests yield pure water; they shelter wildlife; they cleanse the air; and they furnish wood for countless uses.

But these vital public services must be provided under threats of loss by fire, damage by wind and attack by diseases or insects. We can help our own cause by reducing the risks so that land owners can practice better forestry. There are several ways to do this.

1. Protect forests from fire

Protection of present and future crops is basic to sound management. Yet 31 million acres, six per cent of all commercial forests, do not receive any protection at all. A much larger area, over 200 million acres, as not protected adequately.

Why does this situation exist? It exists because citizens, you and I, have not insisted that adequate funds be appropriated.

Federal appropriations for cooperative forest fire protection under the Clarke-McNary Act of 1924 have not been made at the level authorized by Congress. The Congress authorized an annual appropriation of \$20,000,000, but after much prodding by state foresters, forest industries and conservationists, only provided \$16,469,000 for the current year.

This key forestry appropriation should be increased to the full authorization of \$20,000,000. It can be and will be only if you insist upon it.

2. Controlling diseases and insects

Disease and insects cause losses estimated in the billions of dollars annually. They attack shade trees in cities as readily as timber trees in forests. Dutch elm disease has changed the appearance of many communities. Gypsy moths defoliate hardwood forests in the Northeast. Bark beetles ravage pine forests in the South. Dwarf mistletoe damages trees in the West. Sawflies and tip moths deform young trees everywhere.

Some of these pests have been held in check in the past with DDT and other chemicals now known to be harmful to animals, birds, fish and people. Urgently needed are new, less-hazardous methods of control. Some promising leads have been found by research workers. Their efforts should be accelerated and intensified greatly.

Appropriations at the Federal level should be increased from the present allotment of \$4,783,000 for insect research and \$2,810,000 for disease research to at least \$10,000,000 for both activities.

3. Provide technical assistance

Technical assistance, some free and some at modest cost, has been available to limited numbers of forest owners for some time. More people should benefit from this service. But 4,500,000 owners are far too many to be aided by 800 cooperative Federal-State service foresters and 300 consulting foresters. At best one public forester can only aid about 100 owners in a year. Consulting foresters are more limited in their contacts because they usually work on larger properties. Add to these limitations the fact that tenure of ownership averages about 15-20 years and it becomes apparent why many forest owners are not receiving the benefits of professional guidance.

The Federal share of the Cooperative Forest Management program is now bumping against its authorized ceiling of \$5,000,000 annually. In 1971 the Congress will be asked to raise the authorization in order to meet rising costs of operation. At the same time the Congress and the states should be urged to double man-power on the ground so that technical assistance programs can be implemented more fully.

The ranks of consulting foresters should be expanded ten-fold. These men, spurred on by private incentive, can perform services a public forester can not provide. For example, a consultant can work on a property as long as it takes to get the job done, whereas a public forester may be limited to three or four days in which to show the landowner how it ought to be done.

Consulting foresters, being private businessmen, face the same hurdles as young attorneys in establishing their business. It takes money to tide them over during the year or two required to create a flow of funds. For example, work done today may not be paid for until months later. Meanwhile, there are payments to make on equipment and payrolls to meet.

The Tennessee Valley Authority and the National Association of Consulting Foresters have attempted to break this bottleneck with an agreement that enables TVA to underwrite certain establishment costs during a two-year period. Two promising young foresters have been selected for the program. They will be aided with referrals from TVA and other public agencies.

This pioneering effort holds great promise. It should be initiated in other forested regions.

4. Cost-sharing

Conversion of useless brushy areas to productive forests, planting trees to assure a future supply of wood, protection of watersheds, improvement of wildlife habitat and enhancement of the environment are public-interest activities that usually require considerable labor to initiate but do not yield cash returns on the investments for a long time. Many forest owners may not be in a position to undertake such projects, because of age or financial limitations. Yet future economic and social needs of the nation require that private forests fulfill their role.

There are two ways to solve the problem; i.e., regulation as in some other countries, or public assistance in the form of cost-sharing. Regulation was ruled out in this country two decades ago. What about cost-sharing?

Public assistance in the form of cost-sharing under the Agricultural Conservation Program has been available since the mid-1930's. Yet total accomplishments have been but a "drop in the bucket" compared to the job that needs to be done.

Seventy-five million acres of private land *needs* to be planted. The actual acreage *planted* annually is slightly more than one million acres. The accomplishment is not enough to keep up with new areas being denuded by fire and other causes.

One hundred forty million acres of partially productive private forests need stand improvement such as thinning and removal of useless cull trees that occupy valuable growing space. Here again annual accomplishments are pitiful in comparison to the magnitude of the job.

A separate assistance program, geared to the needs of forestry, should be devised. It should contain the following key features:

- (a) Be in the public interest;
- (b) Emphasize long-term activities that forest owners are not likely to undertake by themselves;
- (c) Require owners to commit themselves to a forest plan of long enough duration to make assistance effective;
- (d) Make assistance available over a period of years;
- (e) Consider cost-effectiveness in establishing priorities for assistance.

A forestry assistance program is being drafted now by the Administration for presentation to the Congress early in 1971. When its details become available, it should be studied carefully.

5. *Other incentives*

Utilization, marketing, taxation, leasing and insurance also are important factors in an owner's forest management program. These considerations vary considerably from one locality to another and for that reason are not being discussed in detail here. But, all are important to the successful management of the small, privately-owned forest and must be dealt with before these lands can yield their full potential.

SUMMARY

Fire protection, insect and disease control, technical assistance and cost-sharing are basic elements of efforts at the Federal level to improve management of 4,500,000 private, non-industrial forests. Aggressive action should be taken immediately on each element so that owners can achieve the objectives of which their properties are capable.

Mr. FOLEY. Thank you, Mr. Pomeroy.

Any questions of Mr. Pomeroy?

(No response.)

Mr. FOLEY. Thank you again, then, sir, for your appearance here today. Your comments are greatly appreciated.

Mr. POMEROY. If I can be helpful later, please call on me.

Mr. FOLEY. We certainly will.

The next witness will be Mr. William H. Stimpson, vice president of Gulf Lumber Co., Inc., representing the National Forest Products Association and Southern Forest Products Association.

STATEMENT OF WILLIAM H. STIMPSON, VICE PRESIDENT, GULF LUMBER CO., MOBILE, ALA.; ON BEHALF OF THE NATIONAL FOREST PRODUCTS ASSOCIATION AND THE SOUTHERN FOREST PRODUCTS ASSOCIATION

Mr. STIMPSON. Mr. Chairman, members of the committee, I am William H. Stimpson, vice president of Gulf Lumber Co., Mobile, Ala. I am appearing here today as a representative of the National Forest Products Association and the Southern Forest Products Asso-

ciation. NFPA is a federation of 23 wood products associations and represents the solid wood industry from coast to coast. SFPA is an organization of lumber manufacturers in 12 Southern States, whose member mills produced more than 3 billion board feet of southern pine lumber last year.

I am also chairman of the Alabama Forestry Commission and a member of the Southern Forest Resource Council—the coordinator of the third forest program in the South. The third forest program is supported by a wide range of public and private interests. Its goal is to double timber growth in the South by the year 2000 by giving small private owners the financial and technical assistance they need to practice wise forest management.

As producers of lumber, plywood, and other wood products, the members of the organizations I represent are greatly interested in programs which will increase the growth and availability of timber. Consumption of wood products has increased more than 40 percent during the last two decades. Similar increases in future demands can be expected. However, if timber management activities remain at current levels, timber growth in the United States will not be sufficient to sustain such further increases in timber harvests.

The urgency of the need for increasing timber supply through more intensive forest management and tree growing is evident from housing trends. Nearly all homes in the United States—even those with brick or other nonwood materials on outer walls—require lumber and plywood for structural support. In 1971, 2,080,000 housing units were built in the Nation—an alltime record which could well be exceeded in 1972. A high rate of construction must be maintained throughout the balance of this decade to meet the 10-year housing goal of 26 million additional units set by the Congress in 1978.

Environmental demands on forests are increasing as well as economic needs. It is estimated that current demand for outdoor recreation will triple by the year 2000.

Virtually everyone who has studied the situation agrees that around 10 billion board feet of additional lumber and plywood annually will be needed to meet accelerated home construction and other activities by the mid-1970's. It is also generally agreed that the only possible short-term source of substantial increases in domestic production is Federal forest land, notably the national forests. Long-term increases require a substantial increase in the productivity of nonindustrial private holdings. The primary purpose and justification of H.R. 12873—the Forestry Incentive Act of 1972—is to provide a means to get that needed productivity in the nonindustrial private sector of ownership. As advocates of increased forest management, the organizations I represent fully support this bill. This bill would establish a separate forestry incentives program for small nonindustrial private land and non-Federal public forest lands and authorize appropriations of \$25 million annually. A forestry incentives program of limited scope has been a part of the ACP program—now REAP—for many years under the Soil Conservation and Domestic Allotment Act. The urgency for increasing productivity of timberlands in small nonindustrial ownership is now so great that it is advisable to provide separate basic legislation specifically designed to cope with problems of getting the

owners of small timber tracts to engage in long-term forest management activities.

Nearly 60 percent of the Nation's commercial forest land—301 million of 510 million acres—are in nonindustrial private ownership. These lands plus 29 million acres of non-Federal public forests constitute 65 percent of the total commercial timber area. There are 4½ million nonindustrial private owners. The great bulk of their holdings are in individual ownerships of 5,000 acres or less.

While they hold almost 60 percent of the Nation's commercial forest land, they are currently providing only a little more than one-fourth of the Nation's total harvest for forest products. This deficiency can be attributed to the fact that protection and management of such lands has been historically low, thus limiting productivity.

The small nonindustrial private timber holdings are in general understocked. Average rates of growth are less than half of potential. Substantial increase in rate of cutting now would deplete growing stock and reduce average growth rates even further.

Planting and cultural measures to increase productivity of existing growing stock is needed now to build up timber inventory to justify increased harvesting rates 20 or more years hence. If substantial increased yields from these small private holdings are to be obtained on a sound basis by the end of the century, these measures must be put underway promptly. That is why the enactment of this bill with long-term objectives has immediate urgency.

While the nonindustrial private ownerships are spread throughout the Nation, the greatest concentrations are in the Northeast, Midwest, Atlantic States, Southeast, and Southwest. In 12 Southern States—Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North and South Carolina, Oklahoma, Tennessee, Texas, and Virginia—141 million of the 301 million acres of nonindustrial private ownerships are located.

As a part owner of a small Alabama lumber company that buys 85 percent of its timber from nonindustrial private owners, I can speak with some direct personal knowledge of conditions existing in the southern region. Like my firm, the great majority of lumber producers in the South do not own forest land but must buy their timber on the open market. Some of it comes from public lands. It is estimated that one of every 13 logs utilized in southern pine lumber manufacture comes from the national forests of our region. But some 60 percent of the timber for lumber and plywood production in the South is bought from nonindustrial private owners. This, of course, is much higher than the national average.

In the 12 Southern States, 18 percent of the commercial forest land is owned by industry. Nine percent is publicly owned and 73 percent belongs to nonindustrial private owners.

In 1966, the Southern Forest Producers Association initiated a 2-year study of the South's forest resources in cooperation with Forest Farmers, Southern Hardwood Lumber Manufacturers, and American Plywood Associations. The results of that study, published in 1969 in the final report of the Southern Forest Resource Analysis Committee, underscored the urgency of the need for great improvement in forestry practices on nonindustrial private lands of our region.

The report disclosed that industry and public holdings were, for the most part, at or near full growth potential. In contrast, the non-industrial private lands were understocked, undermanaged, and in many cases not managed at all.

As is generally known, the virgin forests of the South were largely harvested by the 1920's. Ultimately they were replaced by a "second forest," largely as a result of better fire control and fortuitous circumstances such as the reversion of abandoned farmland to forest. They are now in the early stages of the third forest phase, wherein the gains of the past are being continued, particularly by intensive management on the industrially owned properties.

Forest products manufacture in our region has greatly increased during recent years. Last year, the South produced a third of the Nation's lumber including more than 9 billion board feet of softwoods, mostly pine, and nearly 4 billion feet of hardwoods. The region also produced in 1971 about 25 percent of the Nation's plywood and two-thirds of its pulpwood. Yet, these volumes could be dwarfed by the demands of the future. The Southern Forest Resource Analysis Report projected that demand on the South for forest products would double by the year 2000. However well managed, the industry and public ownership in the region are simply not large enough to meet the impending need.

That is why the four organizations that sponsored the original study, joined by the Southern Forest Institute, formed a Southern Forest Resource Council in 1970 to coordinate the implementation of a plan for timber resource development on nonindustrial private lands. This program called for growth of a third forest in the South by the year 2000 with most of the work to be completed by 1985.

The program has since gained the support of a wide range of public and private interests. In many Southern States, third forest committees have been formed to implement the program and are in contact with small private owners. The big need is money to assure that small owners will have the necessary financing and technical assistance to start forestry programs.

The Forestry Incentives Act of 1972, if enacted, would provide a significant contribution toward that objective, while providing funds for timber resource development in all areas of the Nation where non-industrial private ownerships are concentrated.

The act provides for use of services of existing State and local committees established under the Soil Conservation and Domestic Allotment Act. This is the field organization which administers the REAP programs.

No new administrative organization would be necessary. Appointment of persons with backgrounds in forest land ownership or management, or wildlife or other forest resource interest as ex officio members of these established committees is provided.

In this connection, I cannot overemphasize the importance of borrowing on the knowledge and expertise of professional foresters—notably State foresters and personnel of State forestry commissions or departments. In the South, the third forest effort is being channeled through the offices of State foresters who in many cases are exercising general supervision over State committee work or at least are acting in a major advisory capacity.

It is equally desirable to gain the benefit of their experience and professional skills in administering the REAP programs at the county level. By the nature of their work and responsibilities, State foresters are in constant contact with small private owners and know their problems and interests. State foresters also are familiar with conditions and special circumstances existing in their States—a knowledge that will prove invaluable in getting the best overall results to the benefit of the greatest possible number of people. Astute, carefully weighed professional judgment is essential in decisions relating to forest management and timber resource development.

Under provisions of H.R. 12873, the Secretary of Agriculture would be authorized to develop cost sharing projects on small nonindustrial private lands and non-Federal public forest lands for afforestation or reforestation and for intensive multiple purpose management and protection to provide for timber production and other benefits. Federal cost sharing would be limited to 80 percent of total costs on private lands and 50 percent on non-Federal public lands.

Distribution of available funds would be made by the Secretary of Agriculture, giving consideration to pertinent factors in each State and county including, but not limited to, total areas of small nonindustrial private forests lands and non-Federal public forest lands and to areas in need of planting or additional stocking, the potential productivity of such areas, and the need for timber stand improvement on such lands.

Consultation by the Secretary of Agriculture with the State forester or other appropriate official of each State is explicitly provided. Available funds may be used for providing technical assistance to small private and non-Federal public landowners in practices which further the purpose of the act. Encouragement of the utilization of private agencies, firms, and individuals furnishing services and materials needed in the forestry incentives program is also provided.

NEW APPROACHES

The Forestry Incentives Act of 1972 provides for the possible use of two innovations. The first is an authorization in section 4(c) for allotment of Federal funds available to a county for small nonindustrial private forest lands on a bid basis under which owners contracting to carry out the approved forestry practices for the smallest Federal cost share would have first priority for available Federal funds. It is in line with the basic purpose of this legislation which is to increase timber productivity. It is not a mandatory provision and need not be used if its use should result in inequities or an objectionable pattern of local distribution of funds.

The second provision which would be new to the field of private forestry promotion is in section 5 where the Secretary of Agriculture is authorized to investigate effectiveness of loans, loan guarantees, and annual payments of maintenance for practices on small nonindustrial private forest lands. The Secretary is authorized to conduct a pilot program of annual or periodic payments for periods not to exceed 10 years, or to guarantee loans to such small landowners. Such loans may include, but not be limited by, low interest rates; deferred payment

plans, nonrecourse provisions; long-term repayment provisions, and a provision under which a portion of the principal and interest of such loans may be waived at maturity under circumstances determined by the Secretary. Funds for this purpose are limited to not more than \$5 million per year.

INDUSTRY SUPPORT

The organizations I represent support the Forestry Incentives Act of 1972 as an essential measure for meeting the Nation's long-range supply problems. Our support of this measure is not with the expectation that the resulting increase in supply of raw materials will provide an opportunity to increase profits from processing. The lumber and plywood industries are highly competitive and expect to remain so indefinitely. They have a long history of passing through increases in market value of their manufactured end products to timberland owners from whom they must purchase their raw materials—stumpage or logs. The ultimate beneficiaries from Federal cost sharing of reforestation and timber stand improvement on small nonindustrial private timberlands will be home buyers and renters, who will gain savings in the costs of building materials, and the citizens who will gain from the improved environment which thrifty forests provide.

A substantial segment of the forest products industries which support the NFPA and SFPA have investments in growing timber and are engaged in ongoing programs of expenditures for this purpose. There has been no public subsidy for those industrial forest enterprises and they are not eligible for any of the cost sharing benefits which would be authorized by the Forestry Incentives Act of 1972. These timber growers are not dismayed by the prospect that through Federal sharing of timber growing costs on small private ownerships, timber in due course will come on the market for which owners have not themselves incurred full costs of production. They recognize that national needs will be sufficient to readily absorb increased production from this source.

Because it takes decades to grow a timber crop, it would be disastrous to wait until the price of standing timber is sufficient to stimulate small private timberland owners into expenditures for purposeful timber production. Some means to provide the incentives and to meet the start up costs for these small forest landownerships must be developed in time to meet needs expected 20 years or more hence. This is the justification for Federal cost sharing now. It is not necessarily a program which must be continued indefinitely. In the long run timber processors must pay for the cost of production of raw materials obtained from the forest, and must pass this cost on to the consumers of lumber, plywood or other manufactured forest products.

Our Nation's needs for housing, for newspaper and film communications, and for maintaining other aspects of our high standard of living are exceeded only by our Nation's potential to perpetually grow and harvest the wood fiber we require. Wood is our only major renewable industrial raw material. The processes needed for its harvest and manufacture into usable products require far less expenditure of energy than other basic materials. The Nation's commercial forest lands nurture countless forms of wildlife, sustain an orderly flow of

essential water and provide recreational opportunities for millions. Through wise and intensive management these lands can meet our future wood fiber needs to enhance our total environment. This form of management will take increasing amounts of money. H.R. 12873 is a first step toward providing those funds. These public investments will be returned many fold both in economic values and in an improved national environment.

Mr. FOLEY. Thank you Mr. Stimpson. I appreciate your testimony. You are one of several witnesses who have insisted that this bill does not contain any subsidy features, a matter that I think is received here at the committee level with a slight skepticism. Without saying anything critical of the bill, which I think we all agree is excellent, Mr. Kyl has already pointed out that Congress reacts somewhat reflexively when cost sharing of 80 to 20 is proposed. We have heard testimony describing the beneficiaries of this participation program as being small and yet the bill authorizes aid to owners of 5,000 acres. Mr. Winkworth suggested that in his State of North Carolina, the average timberlands might sell for \$200 an acre. Five thousand acres of timberland then would sell for \$1 million. Most of our citizens do not regard landowners of acreage worth \$1 million as being small landowners.

Would you agree with that judgment of most people that an owner of land worth a million dollars is something less than a small landowner?

Mr. STIMPSON. Well, I might digress just a little bit in answering that.

Mr. FOLEY. Weyerhaeuser Timber Co. might agree and I assume Gulf Timber Co. might agree that that is a small landowner, but we do have some problems with it.

Mr. STIMPSON. The 5,000 acres I think was in categories that needed reforestation and that is how it got started at five. As far as an investment being made by the Government when you think in terms of not a subsidy but an investment, the 5,000 acre tracts and down would qualify just as well. When you get to a subsidy, then you will be able to give more people more subsidy by keeping the landownership small. So it all depends, I think, on the way you look at it.

Mr. FOLEY. I think that is true, sir. We have heard testimony time and time again that suggests a very substantial number of the landowners of private timberland are owners of less than a hundred acres of such lands. I think there is accordingly some interest on the part of the Congress in assisting these very small landowners. But I personally have some question as to whether Congress is willing to enact programs of this kind allowing for participation of ownerships that reach as large as 5,000 acres, even though there is an annual limitation of 500 acres apiece.

On page 6 of the bill, for example, the Secretary is authorized to conduct pilot programs on loans and make annual and periodic payments under agreements with owners. Such loans may include, the bill says, but not be limited to low-interest rates, deferred payment plans, nonrecourse provisions, long-term repayment provisions, and a provision under which a portion of principle and interest of such loans may be waived at maturity under circumstances determined by

the Secretary. Under that section as I read it, the Secretary is virtually unrestricted in dispensing \$5 million annually to any group of owners he chooses to disperse it to under any conditions that he chooses to disperse it under. I do not know how, conscientiously, this subcommittee can give the Secretary that kind of spending authority. I do not think the Appropriations Committee would let him have it if we authorized it.

I appreciate your testimony and those of the others. Mr. Stimpson, but I am just taking this occasion to suggest that I am afraid this bill is pretty far reaching in its authority and unless it is tightened up considerably, we are going to have the same problem we have had so many times when this committee reports out legislation which will be ignored by the Appropriations Committee and become a dead letter. That does not do any good for the small landowners of timberlands. It does not help provide timber for future housing or anything of the kind.

There are all kinds of bills we have enacted here that sit over in the Appropriations Committee without a nickel of funding. For example, we have a green belt program that has been on the books, having been passed by the Congress, for 5 or 6 years. There is not a single dollar appropriated under any appropriations bill to carry out that program. I am afraid we may be faced with the same kind of legislation here.

Any questions?

(No response.)

Mr. FOLEY. I do think that increasingly, we are going to have problems with the Congress in this delicate area of so-called priorities. You know, with the Government running a \$30-billion deficit, we are more and more going to be faced with having to either raise taxes or cutback on programs now in existence or stop authorizing new programs.

I am again not passing judgment on the validity of this program. But Congress cannot go on forever authorizing the expenditures of many billions of dollars of potential costs while at the same time cutting Federal taxes twice as it has in a major way in the last couple of years. I am sure you as a businessman have to agree that we have to do one thing or another. We have to either stop authorizing programs that cost money or start reordering our priorities to cutback other Federal programs, or raise taxes because we cannot spend money indefinitely at a deficit level. This program calls for a very small appropriation, but if it even begins to touch the need, it will be, as Counsel points out, a multibillion-dollar program. It may develop that it may be necessary, but somewhere along the line, we are going to have to decide whether it is important enough to start supporting increases in Federal taxes or some very vigorous cutting of other programs.

I did not mean to take this out on you. You bear a very distinguished name, not only in your part of the country but in Minnesota. The Stimson Lumber Co. also is a very famous company in Washington.

Mr. STIMPSON. Unfortunately, he spells his name wrong.

Mr. FOLEY. Thank you, sir.

The next witness will be J. E. Moore, manager of forestry programs for the American Pulpwood Association, New York City.

STATEMENT OF J. E. MOORE, MANAGER, FORESTRY PROGRAMS,
AMERICAN PULPWOOD ASSOCIATION, NEW YORK, N.Y.

Mr. MOORE. Mr. Chairman, members of the committee, I am J. E. Moore, manager of forestry programs for the American Pulpwood Association, a national trade association of pulpwood producers, dealers, consumers, and others directly concerned with growing and harvesting pulpwood—the principle raw material used in the manufacture of pulp, paper, and other products.

We feel that the Forestry Incentives Act of 1972 provides very progressive and needed legislation. It recognizes the problem of supplying our Nation's increasing demand for wood and provides a basis for solving that problem.

It is evident that we cannot increase the amount of forest land. There is just so much land and increasing amounts are needed for homes, roads, recreation, and other development. At the present time one-third of the land in the 50 States is forest land, 759 million acres—two-thirds of this forest land, 510 million acres, is commercial forest. The balance, 250 million acres, is either forest land withdrawn from production for recreation or for some other purpose or it is considered too unproductive to grow timber crops.

It is interesting that in spite of forest land withdrawals and conversion to other uses, total forest acreage was increasing slightly until as recently as 1967. There are indications that this trend is reversing.

Recent forest survey reports show, for example, that between 1959 and 1969 Arkansas lost 12 percent, 2.5 million acres, of its commercial forest acreage and in Florida where Congressman Sikes comes from, commercial forest land decreased 5 percent, 0.9 million acres. Survey information completed for the southern part of Georgia indicates that from 1960 to 1970 commercial forest acreage decreased by 6 percent. Most of this land was converted to agriculture and urban development.

The forest industry and the Nation as a whole need wood from small forest holdings. Contrary to what seems to be popular belief, forest industries do not own a majority of the Nation's commercial forest land. As of January 1, 1968, 19 percent of our forest land was in national forests, 9 percent in other public ownership and only 13 percent was owned by the forest industries. The balance, 59 percent was owned by farmers and miscellaneous small landowners.

The Nation has always depended heavily upon these farms and miscellaneous private owners for its timber supply. Commercial forest land in this class ownerships still provides a large share of our timber harvest. In 1967, the latest year for which complete forest service statistics are available, half, 50.2 percent, of the U.S. timber harvest came from farm and miscellaneous private holdings, though such owners control less than two-fifths, 39 percent, of timber growing stock volume.

I might point out here that since only 39 percent of timber growing stock volume, or inventory, is found on 59 percent of the forest land this by itself is an indication of the need for an incentives program to make this land better stocked and more productive.

Lack of production on land belonging to farmers and other small miscellaneous private landowners was first documented in a study

made by the Forest Service using the base year 1952. Attempts have been made to increase productivity on this land by extending forest fire control and by providing technical forestry assistance. That these attempts have been partly successful is shown by the fact that the total forest growth exceeds the total cut in the United States as a whole.

The fact remains however, that forest land belonging to most small landowners is understocked. Most small landowners do not have the investment capital needed for site preparation, planting, timber stand improvement, and other forest management practices. We are confident that providing financing will increase the productivity of forests belonging to small landowners.

The cost of making the small landowners' forest land more productive depends on its condition and what needs to be done. If an area is covered with brush and trees of inferior species that will never produce forest crops, this growth must be removed to prepare the site for planting. After site preparation the area must be planted, preferably with seedlings of genetically improved stock.

Site preparation and planting are not necessary if there are enough young trees of valuable species on the land. In this case it may be better to remove the inferior trees and give the more valuable trees room to grow, that is, to apply timberstand improvement. One question that has come up in this committee, asked by several Congressmen, is about the maximum acreage that should be eligible, whether it should be 5,000 acres or a thousand or less. One thing that I think we should not lose sight of is the fact that we need timber products in the future and we must gage the maximum acreage under which the program could operate in light of the fact that we need forest products and the larger acreages will be more productive than the small acreages. It costs less per acre to manage a fairly large tract—say 5,000 acres—than a small tract of 20 or 30. I think the productivity needs to be considered.

Mr. FOLEY. If I could interrupt you there just a moment, the theory behind this bill is that the small woodlot or timber landowner does not have the funds to invest in proper site management and other forestry practices. Now, as you start arguing that the larger landowners should be included because they are more efficient producers of timber, we must ask, why limit it all? Why not have owners of 25,000 or 100,000 acres, if they are not commercial timber operators, benefit under the program? Do you not think that pretty soon, we run into the problem of determining whether they have enough money or enough capital accumulation in valuable land to make some investment in it?

Mr. MOORE. I think ordinarily, when you get beyond 5,000 acres—maybe that is not the right figure. But when you get up somewhere in that area, the land is owned by an organization or a business or someone who can get the money to invest in it and is willing to do it on a long-term basis.

Mr. FOLEY. Mr. Harriman owned 200,000 acres of prime timberland in New York State. He did not have any commercial operations on it. It was owned as a private forest. Nobody would argue that Mr. Harriman was not able to do what he wanted with the land. What I am concerned about is if you start including 5,000-acre plots, you are going to have people with estates who have substantial resources and they are

going to be eligible under this program to develop those very large estate holdings. I just do not think we are going to have sympathy with that kind of subsidy at 80-percent cost sharing.

Mr. MOORE. I can see your point, certainly. I am not sure that 5,000 acres is the exact cutoff point. But I do think that the overall need for forest products and the productivity of the land needs to be included along with trying to help the real small landowner, who only has 10 or 20 acres, something like that.

In addition to forest products that our expanding population will need, the public will realize other benefits from the land. Specifically much of this land has been used and will continue to be used by the public for hunting. In recent years this land has been used increasingly for other forms of recreation and is considered important in aesthetics and enhancement of environmental quality. Forest growth also protects watersheds and water supply.

Specifically on H.R. 12873 and H.R. 14903, we endorse the use of an existing organization for distributing funds as authorized by section 4(b) of these bills. The Rural Environmental Agricultural Program, REAP, is well established and has been handling money for incentives for numerous practices for a number of years. Forestry practices of site preparation, planting, timberstand improvement, and others are already defined and in use by this program. Use of these committees should reduce the startup time and keep overhead cost to a minimum.

Section 6 requires the secretary to "consult with the State forester or other appropriate official in each State" in the conduct of the program. The State foresters are already responsible for programs of protection and technical assistance and should be directly involved in any new programs in their respective States. In fact we think it would be desirable to give the State foresters more specific authority in administering the program. Conditions such as costs of site preparation, species requirements et cetera vary from State to State and from county to county within a State. The State forester is better informed about these differences than the State committee or the Secretary. It would be advisable to have the State forester serve on the State committee for purposes of this act.

Section 7 provides a total authorization of \$25 million. It is our understanding that a fully adequate program would require \$100 million annually for 10 years. Funds are needed for planting 30 million acres and timberstand improvement on at least 45 million acres in the next 10 years and also for watersheds, fish and wildlife habitat, and other purposes as required by the bill. We recommend that the authorization be increased at the earliest possible date to meet the full needs of the program.

There is no instant way to create more wood. The wood we are using from trees that are being cut now began growing many years ago. The trees that will furnish wood for lumber in the year 2000 are growing now. At best, trees that will supply pulpwood for the year 2000 should be planted within the next few years unless science makes some unexpected discovery in the field of silviculture or utilization.

An incentives program that will provide financial assistance to the small landowners for site preparation, planting and timberstand improvement will help to supply future wood requirements and will benefit the entire Nation.

Mr. FOLEY. Thank you, Mr. Moore.

Mr. KYL has a question.

Mr. KYL. Just one question, sir, and I do not ask this to put you on the spot, but I am seeking some information.

Mr. MOORE. Yes.

Mr. KYL. Can you tell me what proportion of pulp, actual pulp needs are being met today by recycling?

Mr. MOORE. I cannot give you an exact answer. I will look it up and get it to you. I can give you an approximate answer. We are using now something in excess of 65 million cords of wood a year. Of this, about 20 million cords come from residues—slaps and edgings and plywood cores and that type of thing. I believe that an amount of recycling material approximating 10 million cords is used. But I am not sure of that 10 million figure.

Mr. KYL. This may sound like heresy unless I add a little discussion to the statement, but it seems to me that in some areas, like in region 6, national forest area, for instance, the greatest benefit we could produce for pulp, both for the industry and for the consuming public, would be through the building, construction of additional pulpmills. For instance, I visited an area not long ago up in Mr. Foley's country, generally, where a mill which was close to a pulp and paperboard plant was close enough so that they could economically haul the chips and the sawdust to that plant. And farther south from this area, there was another lumberman who was utilizing chipping devices which had previously not been utilized and could economically haul to another plant to the south, but there between, there is still an awful lot of waste in pulp product that is not being utilized because the efficiency created by nearness to a mill is not there.

I say it may sound like heresy to suggest that we build another pulpmill. When you talk about developing technology to make trees grow faster, I think we also have to increase our emphasis on technology to clean up pulp production and so on in the actual milling of paper products.

Mr. MOORE. Well, the use of chips from residues—that is, from slabs and edgings and cores, that has increased over the years. At the present time, it runs in the neighborhood of 28 to 30 percent of the total wood used.

Mr. FOLEY. Thank you very much, Mr. Moore. We appreciate your testimony.

The final witness today will be Mr. Monroe R. Samuel, chairman of the Farm and Forestry Committee of the National Association of Conservation Districts, Hope, Ark.

STATEMENT OF MONROE R. SAMUEL, CHAIRMAN OF THE FARM AND FORESTRY COMMITTEE, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

Mr. SAMUEL. Mr. Chairman, members of the committee, I am Monroe Samuel, chairman of the Farm and Forestry Committee, National Association of Conservation Districts. The National Association of

Conservation Districts, NACD, represents over 3,000 individual conservation districts, created under State laws, and their associations in the 50 States, Puerto Rico, and the Virgin Islands. These districts are managed by approximately 18,000 men and women who contribute their time and service and are intensely interested in the wise use and improved management of the country's renewable natural resources. More than 2 million private landowners and operators are cooperating in the programs of districts.

In districts, we are concerned with the conservation and management of all forests, but by the nature of our work we have a particular interest in "small nonindustrial private forest lands."

Approximately 73 percent of America's total forest resources are in private ownership. About three-fourths of this timber-growing land is in relatively small tracts, much of it on farms.

About 90 percent of these small private forests—an area of approximately 300 million acres—is in soil and water conservation districts.

We recognize the forest as a vital land use. We also recognize the forest as an integral part of thousands of farming enterprises. Accordingly, we are concerned about all aspects of modern forestry, including land use; protection against fire, pests, and other forest hazards; stand improvement; tree planting; recreation; wildlife; watershed protection; selective harvesting; and orderly, profitable marketing.

In districts we are keenly aware that the use of forest lands and the markets for forest products have been expanding rapidly in recent years. In our view, these trends will continue because demands on the forests are rising everywhere.

We have seen estimates that the consumption of forest products will double, at least, within the next 30 years. Without question, the uses of woodlands for recreation, watershed protection, wildlife, erosion control, and scenic values are also increasing.

There appears to be widespread agreement that the combined annual cut from national and industrial forests cannot safely and indefinitely meet the Nation's rising needs for wood products. Much more attention must be given to the nonindustrial private forests. In our judgment, these are the forests on which the country will have to depend, to a steadily larger degree, as the years go by.

As of the beginning of 1972, we had no reason to regard this prospect with much optimism. Most of the forest land in farm and nonindustrial private ownership has been contributing far below its potential to the needs of Americans for wood products, recreation, and other uses.

Every forest survey in recent years has emphasized that farm woodlands receive less attention and management than any other class of ownership. There are many reasons for this. The prospect of economic returns from woodlands for labor, risk, management, and investment has not been good, considering the Nation as a whole. Tax and labor problems have been troublesome. Lack of tenure has been a factor—farms are changing ownership frequently. In many areas there is a lack of markets for thinnings and low grades.

These problems are especially important in the Southern States—in the region where we are working to help develop a third forest. In these 12 States, 17 million acres of forest are in public ownership and 40 million acres are owned by industry. The largest share by far—141

million acres—is in the hands of farmers and other private landowners. It is on this large segment of nonindustrial privately owned forest that the greatest opportunity exists for improved management. By comparison, the national and industrial forests are extremely well managed.

It is against this background that the NACD considers the forestry incentives bill now before the subcommittee.

NACD supports wholeheartedly the purposes and main thrust of H.R. 12873, the proposed "Forestry Incentives Act of 1972."

We specifically endorse sections 2 and 3 of the bill.

We believe that two amendments would make section 4 considerably more effective.

In section 4(a) (1) we recommend that the proposed forestry incentives program be associated directly with the current conservation and resource management programs of soil and water conservation districts. This can be accomplished by inserting the following sentence after the first sentence of section 4(a) (1) :

No cost sharing under this paragraph shall be available on any small nonindustrial private forest lands that are not identified in a conservation plan developed in cooperation with the soil and water conservation district in which the lands are located.

We believe the forestry incentives program would be substantially strengthened by such a tie-in with conservation plans for the following reasons :

1. The conservation plan would serve in coordinating forestry activities with other phases of the total enterprise of the owner—giving careful consideration to all aspects of the conservation and wise use of all of the soil resources, as well as the needs, desires, capabilities, and economic circumstances of the owner.

2. The conservation plan is based on a thorough knowledge of the soil resource and would assure that site quality would be recognized and that priority would be given to those areas with the highest production potential. We think this is very important. Cost effectiveness of forestry practices can readily be determined through site quality. If the site quality is low and it is not economically feasible to put out this Federal money on this particular type of land, we do not think it should be spent.

3. The conservation plan would also assure consideration of the multiple benefits of the incentives program, such as the protection and enhancement of recreation opportunities, and of scenic and other environmental values, and the protection and improvement of watersheds, forage values, and fish and wildlife habitat.

In section 4(a) (2) we recommend a change in the wording of the opening sentence to read as follows :

(2) Cost sharing with nonprofit groups, individuals, and public bodies such as soil and water conservation districts for the purposes of providing manpower, equipment, planting stock, and other materials to carry out the practices to be encouraged by the forestry incentives program.

We believe the amendment would materially broaden the availability and range of essential supporting materials and services for the incentives program.

Section 7 of H.R. 12873 would authorize an appropriation "not to exceed \$25,000,000 to carry out the provisions of this act." Considering the dimensions of the forestry incentives program set forth in the bill, and the national urgency of the undertaking, the NACD earnestly recommends that the authorization provide for an appropriation "not to exceed \$25 million annually for purposes of the act.

The bill would provide cost sharing assistance to the owners of small nonindustrial private forest lands and also to the owners of non-Federal public forest lands. In this latter category the dominant ownership would be that of States, counties, and municipalities.

In our judgment, the preponderant need is for assistance to the owners of small nonindustrial private forest lands and we believe the bill should more specifically reflect this situation. The owners of non-Federal public forest land have access to revenue, some of which could be applied to forestry work, if the decision was made to do so. Small private owners generally are required to operate within tighter financial limitations.

Accordingly, we recommend that a percentage ceiling be placed on the funds available for cost sharing under this bill to owners of non-Federal public forest lands. More specifically, we recommend that not more than 15 percent of the funds available for cost sharing under this act in any given year be allocated for cost sharing with the owners of non-Federal public forest lands.

I thank you for the opportunity to present the views of conservation districts on this important legislation.

Mr. FOLEY. Thank you very much, Mr. Samuel. We appreciate your giving us some specific suggestions on this legislation as to ways you think it could be substantially improved.

Mr. KYL?

Mr. KYL. I just want to make one suggestion to the gentleman who has just spoken to us and for several others who have given us the same statistics about how much new demand we are going to have for wood products. The people involved in forestry and in wood products have never been notable for their great public relations efforts and at the present time, they too often are on the side away from the environmentalists or the conservationists or preservationists. When you talk about the needs of the future, I think you can make some pretty good points in this regard, because these are facts. Most of the time, the public is led into the delusion of thinking that they can find some substitutes for wood products.

Now, in the first place, people like to use wood and the wood products are generally less expensive than the substitutes. But I think you ought to emphasize this: Those products which you would use to replace wood generally are more destructive of the environment than is the cutting of trees if we have sustained yield program in forestry. Aluminum is one that is frequently mentioned. Of course, in the mining and the processing of aluminium, you have some great environmental hazard, plus the fact that those things which you use as substitutes for wood products are the greatest consumers of energy which we have and these energy problems are even more critical at this moment than the wood products problems are. I think maybe you should emphasize that a little.

Mr. SAMUEL. I am totally aware of that because we have aluminum ore and aluminum plants in Arkansas and they have done quite a bit of harm to the environment.

Mr. KYL. Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Kyl.

The Chair will, without objection, include in the record a statement by Mr. Robert M. Nonnemacher of the Forest Farmers Association and a statement by Mr. Frank W. Bennett of the Association of Consulting Foresters.

(The above referred to statements and other statements and letters submitted to the subcommittee follow:)

STATEMENT OF ROBERT M. NONNEMACHER, REGIONAL VICE PRESIDENT, FOREST FARMERS ASSOCIATION

Mr. Chairman and members of the Committee, my name is Robert M. Nonnemacher, and I live in Mobile, Alabama. I am a regional vice president of the Forest Farmers Association, and chairman of the Southern Forest Resource Council. It is, indeed, a pleasure to present this statement in support of H.R. 12873 and H.R. 14903, the Forestry Incentives Act of 1972.

Mr. Myers has presented the Forest Farmers Association's official views, and I would like to endorse those views, both for myself and for the Council. As information, the Southern Forest Resource Council is an informal organization of southern forestry associations representing both private timberland owners and forest industry, joined together to implement the recommendations of the Southern Forest Resource Analysis. These were published in "The South's Third Forest" report, which the Committee may be familiar with. Members of the Council, besides Forest Farmers Association, are Southern Forest Products Association, Southern Hardwood Lumber Manufacturers Association, American Plywood Association and Southern Forest Institute.

The first four organizations named above were sponsors of the Southern Forest Resource Analysis, and all members of the Council are deeply interested in more fully developing the South's forest resources to meet the Nation's anticipated needs.

My entire professional career as a forester has, also, been spent in the South; and much of my work has been with the same private, nonindustrial timberland owners H.R. 12873 and H.R. 14903 are designed to help. I believe that I understand some of the thinking and problems of these owners.

As has been stated earlier, much of the problem revolves around lack of investment capital and the need for an annual income to help offset recurring expenses. Certainly no one piece of legislation is going to solve the whole problem, especially with over 1,000,000 such landowners in the South, alone. I do believe, however, that H.R. 12873 and H.R. 14903, the Forestry Incentives Act of 1972, will contribute importantly to getting more of these lands in production. By all measures it is the best proposal I have seen to date, and Forest Farmers Association and the Council wholeheartedly endorse it.

I would like to make another point that hasn't always been clearly understood. The primary purpose in making these lands more productive is to meet the Nation's needs—the urgent need for lumber to construct better housing for all of our citizens, the need for paper and paper products, etc. You may sometimes hear that the forest industries are the ones who will derive the benefit from growing all this timber. Therefore, they should be the ones to pay for the development of our forests. This, however, is like saying that the row-crop farmers and the chain stores are the ones to gain most by raising the food to feed our people. All our citizens have a vital stake in how all our people are fed and housed.

In addition, full development of our forests means more income and revenue to benefit the general economy. It is estimated that \$1 in stumpage generates at least \$16, and likely much more to the overall economy. This means dollars, jobs, and increased income for the entire community.

The Council feels there is an urgent need to get on with the tremendous job of tree planting (30 million acres in the South alone), and timber stand improvement (90 million acres, southwide). Toward this end, the Council is sponsoring, in cooperation with the American Forestry Association, a nationwide tree plant-

ing conference in New Orleans, Louisiana in October of this year. We hope to bring together many of the nation's leaders in forestry and government and, hopefully to strike a spark which will stimulate much greater emphasis on and activity in tree planting in every state of the Union.

H.R. 12873 and H.R. 14903, the Forestry Incentives Act of 1972, would, in my opinion, provide a most effective means for implementing the greatly-increased interest this meeting will almost certainly generate. 1972, as you know, is the 100th anniversary of Arbor Day, and this would be a most timely occasion for the passage of a landmark bill, such as this Incentives Act, to foster continued and greater activity in tree planting.

Most of my other points on H.R. 12873 and H.R. 14903 have been covered in Mr. Meyers' statement. I would like to emphasize what he has said about earmarking the funds specifically for forestry activities, and administration of the program through the State Forester, in cooperation with the U.S. Forest Service. These are essential to the success of the program.

The Committee's consideration to these views submitted in behalf of the Forest Farmers Association and the Southern Forest Resource Council will be appreciated.

STATEMENT OF FRANK W. BENNETT, PRESIDENT, ASSOCIATION OF
CONSULTING FORESTERS

Mr. Chairman and members of the Committee, my name is Frank W. Bennett, and I am president of the Association of Consulting Foresters. My home is Baton Rouge, Louisiana. Ours is an organization of graduate foresters whose primary occupation is offering professional forestry services, primarily to timberland owners. Our group is made up of highly independent, small businessmen.

As spokesman for the Association of Consulting Foresters, I would like to speak in support of H.R. 12873 and H.R. 14903, the Forestry Incentives Act of 1972, and to endorse the views expressed in the testimony of the Forest Farmers Association.

Our association particularly endorses the concept of cost-sharing, as proposed in this measure. We firmly believe that the landowner should pay a portion of the cost for performing certain recommended forestry practices on his lands. In this regard we feel that the program is an investment and not a subsidy. From our experience it is highly desirable that the landowner have at least a modest financial stake in the costs involved, as a measure of his interest and good faith.

Furthermore, we concur in the recommendations of the Forest Farmers Association concerning the administration of this program. We like the provision that funds for this program be handled and allocated to landowners by the state and county Agricultural Stabilization and Conservation Services Committees. This uses an existing body, and is good. We, also, strongly recommend the funds be earmarked strictly for forestry use. Finally, we feel the overall program should, most definitely, be administered through the state foresters' office, in cooperation with the U.S. Forest Service.

The Association of Consulting Foresters feels that with the preceding provisions, H.R. 12873 and H.R. 14903 would provide a very effective means of increasing much-needed tree planting, timber stand improvement and other desirable forestry practices.

We commend Congressman Sikes and the co-sponsors of this measure for introducing this fine legislation, and assure them and the Committee of our wholehearted support for its enactment.

Thank you for your courtesy in allowing me to present these views for the Association of Consulting Foresters.

STATEMENT OF HON. JAMES C. CLEVELAND, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW HAMPSHIRE

People have planted trees for centuries. In Biblical times they revered the fig, the olive, the date palm, the pomegranate and the almond. In Medieval days some European societies required a young man to plant at least six fruit trees before he could wed. Usually he also planted an oak tree in the hope of a strong marriage as well as a fruitful one. These customs suggest that planting fruit trees may have been related to economic necessity and needs for food.

Americans have not yet experienced any real pinch in their tree resources. But they could have some difficulty within the foreseeable future if steps are not taken soon to improve the present situation.

Forest surveys indicate that by the year 2000 Americans will need twice as much wood as is being grown now. Some of the wood will come from national forests and some from industrial forests, both of which are being managed reasonably well. But much of the wood should come from the Nation's 4,000,000 private, nonindustrial forests because this class of ownership embraces nearly 60 percent of all the commercial forest land.

Unfortunately, these small, private forests are in poor condition as a result of a century or more of unmanaged use. Twenty-five percent of the woodland needs planting and 46 percent needs some type of cultural treatment such as removal of defective trees.

Returning these small, private forests to a reasonable level of productivity will take time and money. But many forest owners, being past middle age already, are reluctant to make the investments needed.

Therefore, financial assistance on a cost-sharing basis, as proposed in H.R. 12873, and my bill, H.R. 14903, is a desirable and practical incentive for forest improvement.

Cost-sharing is in the public interest because private forests provide habitat for wildlife, aid water resources and improve recreational and environmental values as well as assure the Nation of a future supply of wood and paper products.

Some cost-sharing for tree planting and stand improvement is available now under the Rural Environmental Agricultural Program (REAP). But the annual accomplishment is only a fraction of that needed for a meaningful assault on the job before us. We must strengthen our efforts greatly.

Therefore, enactment of the Forestry Incentives proposal, as outlined in H.R. 12873 and H.R. 14903 is recommended.

COOPERATIVE EXTENSION SERVICE,
UNIVERSITY OF NEBRASKA,
Lincoln, Nebr., May 30, 1972.

HON. JOHN L. McMILLAN,
*Chairman, House Subcommittee on Forests, Longworth House Office Building,
Washington, D.C.*

DEAR CONGRESSMAN McMILLAN: Almost all of Nebraska's forest land is privately owned and while extremely important to the well being of our people has been receiving far less attention than any other class of land in the state.

While supplying a raw wood supply is an important function of these small privately owned timbers, satisfying recreational needs, watershed protection, bettering our wildlife habitat, aesthetics and environment are actually of greater value to this state. These varied benefits are in no way a part of the landowners return on his investment.

It simply is unrealistic to expect these small timber owners to accomplish the management needed and stand the costs without public assistance.

The Forestry Incentives Bill, HR 12873 is legislation which would assist timber owners in affording to provide these public benefits. In my opinion this is a fair approach from the publics standpoint and the only way these benefits will become a reality.

Sincerely,

ELLSWORTH H. BENSON,
Nebraska State Forester.

STATE OF MICHIGAN,
DEPARTMENT OF NATURAL RESOURCES,
Lansing, Mich., May 31, 1972.

The Honorable JOHN L. McMILLAN,
*Chairman, House Subcommittee on Forests, Longworth House Office Building
Washington, D.C.*

DEAR CONGRESSMAN McMILLAN: I should like to express my strong support of the intent and purpose of H.R. 12873, now under consideration by your committee.

With 52 percent of the land area of the state classed as forest land, Michigan shares with other states the difficult problem of assuring that these lands are placed in a condition to contribute fully now and in the future to public needs for goods and services.

Michigan's forests differ markedly from those of the South, and are not yet nearing the "Third Forest" stage. They are, in fact, in the early phase of a "Second Forest" condition, and vast acreages are presently contributing far below their potential. The long-term nature of investments required to significantly increase productivity are such as to preclude the probability that they will be made by the small landowner. Even the treatment of Michigan's almost four million acres of state and other nonfederal public lands has been given low priority in the allocation of state and local funds.

Thus, a Federal forestry incentives program appears to offer the only probable hope for achieving the application of critically needed forest management practices on private and nonfederal public lands.

We do believe, however, that such a program can be most effective if tailored to the specific needs of the region and greatly differing conditions of, and within, the various states. We sincerely believe that state forestry agencies are best equipped and fully capable of identifying priority needs and effectiveness of programs within their jurisdictions. The effectiveness of state agencies is due in no small part to the cooperative Federal-State forestry programs conducted by the Secretary of Agriculture through the Forest Service under Congressional authorization over a period of many years.

We strongly recommend that the Forestry Incentives Act of 1972 be established on a basis similar to the provisions of existing cooperative Federal-State forestry programs, and that the Secretary of Agriculture be authorized and directed to enter into agreements with state forestry agencies in the establishment of a Forestry Incentives Program.

We believe it to be possible and desirable that the services of existing state and local committees be utilized in the administration of the program as provided in Section 4(b) of H.R. 12873. However, we feel that technical aspects are of such importance to an effective and successful program that responsibility must be clearly placed with federal and state forestry agencies.

Sincerely,

T. E. DAW,
State Forester.

MISSISSIPPI FORESTRY ASSOCIATION,
May 31, 1972.

HON. JOHN L. McMILLAN,
*Chairman, House Subcommittee on Forests, Longworth House Office Building,
Washington, D.C.*

DEAR MR. McMILLAN: The Mississippi Forestry Association is on record in support of Forestry Incentives Act H.R. 12873 and Senate companion bill, S. 3105.

Our Legislative and Executive Committees have studied these bills in detail and believe that they will prove very successful in stimulating more intensive forest management by small woodland owners.

As State tree farm sponsor, the MFA is acutely aware of the problem relative to management of small holdings and we believe these bills have the right approach to a solution.

The membership of the MFA includes about 1,600 timberland owners, forest products manufacturers, and suppliers. All MFA members, and 1,250 certified tree farmers, have been advised of these two bills and there is much interest in them.

We hope the Congress will soon act favorably on this important legislation.

Sincerely yours,

MISSISSIPPI FORESTRY ASSOCIATION,
BEN A. DAVIS, Jr.,
Executive Vice President.

SOUTH CAROLINA FORESTRY STUDY COMMITTEE,
Columbia, S.C., June 1, 1972.

HON. JOHN L. McMILLAN,

Chairman, Subcommittee on Forests, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR JOHN: I am writing to express my full and unqualified support for H.R. 12873 (Mr. Sikes), "The Forestry Incentives Act of 1972." I understand this bill will be the subject of a hearing by your subcommittee on June 5. This is one of the most important forestry bills to be introduced in many years, so far as the future of private forestry is concerned.

As you know, for several years I have served as chairman of the Forestry Study Committee of South Carolina. On numerous occasions we have examined the need for and problems associated with the attainment of full productivity of forest land owned by tens of thousands of individuals in South Carolina. We have generally recognized that there is much that can be accomplished by the state, industry, consulting foresters and the landowners themselves. However, reforestation on the level needed to meet projected future demand will never become a reality without substantial federal funding in the form of incentive payments. From a completely realistic point of view, the average landowner does not have the necessary capital to invest "out-of-pocket" for long periods of time; the state budgets have exhausted their sources of additional revenue, and the federal government is the logical source of additional funds.

The report, "The South's Third Forest," pointed out that the individual landowner receives only about six percent (as stumpage) of the total economic activity that results from the growing, harvesting, transport, primary and secondary manufacturing, and use of forest products. For the thousands of citizens who depend on the forest as a raw material base for their livelihood, and for the millions of citizens who rely on economical forest products for their homes, the federal investment in private forestry is sound and rewarding.

My own company is helping to meet the challenge by providing a broad range of technical forestry services to private landowners. In South Carolina, alone, we have long term agreements with landowners covering more than 100,000 acres of forest land. My company and many others are fully committed to doing our part to help private landowners improve the productivity of their lands. I sincerely hope we can count on the Forestry Incentives Act of 1972 to provide funds which, along with the technical forestry assistance, will make the Third Forest a reality.

Yours sincerely,

C. H. NIEDERHOF, *Chairman.*

TENNESSEE FORESTRY ASSOCIATION,
Nashville, Tenn., June 2, 1972.

HON. JOHN L. McMILLAN,

*Chairman, House Subcommittee on Forests,
Longworth House Office Building,
Washington, D.C.*

DEAR REPRESENTATIVE McMILLAN: I am writing you in behalf of the Tennessee Forestry Association in support of H.R. 12873, the Forestry Incentives bill, on which a subcommittee hearing is scheduled June 5. We respectfully request that this letter be made a part of the record of that hearing.

The Tennessee Forestry Association, a group of about 375 individuals and companies statewide, has as its key objective promoting the development and wise use of Tennessee's forest resource. Among our members are forest products industries, farmers, timberland owners, public and private professional foresters, banks, forestry equipment manufacturers and dealers, as well as various other conservation-minded citizens.

We feel that additional incentives, such as those proposed in H.R. 12873, are vitally needed if this country is to continue to meet the increasing demand for wood and wood products from an ever-diminishing land base. In Tennessee, for example, commercial forest land—that land producing or capable of producing crops of industrial wood and not withdrawn from production—decreased by five per cent between 1961 and 1971. And although the figures are not available to us, we suspect the decreases may be much larger in other states.

This is not to say that the nearly 13 million acres of land classed as commercial forest land in Tennessee is currently in timber production, or under management. This acreage is the state's *potential* at the moment.

A look at commercial forest land ownership classes in Tennessee reveals that the positive effect on forestry in the state by H.R. 12873 should be substantial. The bill, of course, is designed to provide cost-sharing incentives to small, non-Federal public forest landowners. And in Tennessee, more than 10 million of the state's 13 million acres of forest land is held by those in the "farmer" and "miscellaneous private" categories. These people in Tennessee, and those like them across the country, are the ones who must be reached with the message of protect, develop and manage wisely the forest resource.

Obviously, no single bill is going to solve all the problems that must be surmounted in order for the Nation to meet its demands for wood and wood products with an adequate and continuing supply. But the Tennessee Forestry Association feels that H.R. 12873 will be of significant help in the effort to meet that goal.

We respectfully urge the subcommittee's favorable consideration of this legislation.

Thank you for your cooperation.

Sincerely,

CHARLES E. CHESTON, *President.*

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 5, 1972.

HON. JOHN L. McMILLAN,
Chairman, Subcommittee on Forests, Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The American Farm Bureau Federation appreciates the opportunity to express views relative to H.R. 12873, a bill introduced by Congressman Sikes on February 2, 1972, and entitled "Forestry Incentives Act of 1972."

The elected voting delegates of the member State Farm Bureaus at the most recent annual meeting of the American Farm Bureau Federation, held in Chicago in December 1971, adopted the following policy:

"We favor a privately owned, sustained-yield forest industry assisted by essential public services such as research, fire protection, and pest control. We urge cooperation of state and extension service foresters to provide more effective management advice.

"We recommend the continuation of federal funds for state-private cooperative forestry programs.

"We will support legislation to provide a more adequate credit structure for the development and management of forested lands in small ownerships."

It is our view that the forest resources on the Federal public lands will become increasingly restricted by increases in wilderness areas and public demand for such restrictive regulations so that the future supplies of wood fibre for all uses must come increasingly from improved management of industrial and non-industrial privately owned forest lands. We believe Federal public lands carrying commercial forest stands will continue to be vitally important as a source of supply to meet the needs of the country. However, the needs of this nation for lumber, paper and other uses of wood will increase in an expanding economy and improvement of the resources on non-Federal forest lands is essential.

The objective of this legislation is to establish a program of cost sharing in improvements on non-industrial, privately owned forest lands. This type of program has well established precedents, in concept, in existing cost sharing land use practice programs as REAP, the Great Plains Program and Resource, Conservation and Development program.

Section 4(a)(1) provides for cost sharing not in excess of 50 per centum of the total cost of practices on non-Federal public forest lands or in excess of 80 per centum of the total cost of practices on small non-industrial private forest lands. No small non-industrial private forest landowner shall receive cost sharing under this Act on more than five hundred acres in any one fiscal year. We believe the limitation of five hundred acres in any one year provides an opportunity to improve management practices on a workable acreage each year. Sec. 2(b) defines

the term small "nonindustrial private forest lands" to mean commercial forest lands owned by any person whose total ownership of such lands does not exceed five thousand acres. It would seem to follow from the provisions of Sec. 4(a) (1) as defined by Sec. 2(b) that an owner or association may bring land under the provisions of the legislation in increments of only 500 acres a year, thus requiring a period of ten years to bring a total of 5,000 acres into the program. We believe this to be a good provision. We recommend that Sec. 4(a) (1) be amended to provide the same orderly program on acreage eligible under the provisions of this legislation that are described on page 4, line 3, of the bill as "non-Federal public forest lands." Land held by non-Federal public bodies should have the same requirements for eligibility and approved practices as private lands. Acreage limitations should be the same.

Section 4(2) (c) provides that Federal funds available to a county for small industrial private forest lands each year may be allocated for cost sharing among owners of such land on a bid basis with owners contracting to carry out the approved forestry practices for the lowest Federal cost.

We recommend that the words on line 10, page 5, of this section be changed from "may be allocated" to read "shall be allocated." We believe the concept of allocating Federal funds available for cost sharing on a bid basis to be the best way to allocate the Federal funds.

We recommend that it be required in the administration of this legislation that each tract of forest land included in any contract have a forest management plan. This plan would provide the basis of the management agreement between the owner or public agency and the Secretary. We recommend periodic examination of the tract to assure compliance and to make recommendations as to variance that should be made in the plan. The management plan and periodic reports should be made by persons competent in forest management such as state foresters or similar competent persons already in public service in the state or region or competent private foresters. Failure to comply with the management plan should result in cancellation of contract or other appropriate penalties. Contracts should be for an adequate term of years to attain the objectives of the management plan.

Under the provisions of Section 4(b) relating to the factors the Secretary takes into consideration in the distribution of funds available for cost sharing under this Act, we recommend that special recognition be given to states that provide in state law for the taxation of land on the basis of its use and not an ad valorem basis related to market values. Taxes on the land should not defeat the objectives of this legislation. It is important that the level of taxes should provide an opportunity to sustain the long term management program essential to gain increases in forest resources that will justify expenditures of Federal funds in a cost sharing program. The cost sharing program should be for forest management improvement and should not become the basis of income to pay higher taxes to local, county or state governments.

We recommend that funds appropriated under the authority of Section 7 and allocated to the states under provisions of Section 4(2) (b) be reduced by 50 per centum if a state does not have a provision, acceptable to the Secretary, for taxation of the forest lands that are under the incentive programs provided in this legislation.

Section 4(2) (b) authorizes "the Secretary to distribute funds available for cost sharing under this Act by giving consideration to pertinent factors in each state and county, including but not limited to total areas of small non-industrial private forest lands and the areas' need of planting and additional stocking, the potential productivity of such areas, and the need for timber stand improvement on such lands." The Secretary is also authorized to "designate advisers to serve as ex officio members of such committees for the purposes of this Act. Such ex officio members shall be selected from (1) owners of small non-industrial private forest lands (2) private forest managers or consulting foresters and, (3) wildlife and other private or public resource interest."

We recommend that H.R. 12873 be amended to provide that funds shall be allocated to the states by the Secretary but allocations to counties shall be made by a state advisory committee, designed in much the same manner as provided in Section 4(2) (b). We recommend that the State Committee take into consideration the factors enumerated in Section 4(2) (b) but have latitude in the allocation of funds for cost sharing to the counties on a basis that best attains the objectives of the Act within the county, parish or comparable subdivision of the state.

We recommend that not more than 15 per centum of the funds available to a county shall be available for cost sharing on non-Federal public forest lands.

Section 5 of this bill provides an authorization for "a pilot program . . . to make annual or periodic payments" or "guarantee loans" at "low interest rates . . . deferred payments . . . non-recourse provisions . . . long repayment provisions" but on lines 11, 12, and 13 on page 6, it authorizes annual appropriations of \$5,000,000. It would appear that this is not a "pilot program" but a program that is to be funded each year.

We question the advisability of providing even a "pilot" program of soft credit to the extent set forth in this section. The cost sharing program coupled with credit available from the Farm Credit System, Farmers Home Administration and private sources plus amendments that likely will develop from pending rural development legislation would seem to be an adequate basis for credit and cost sharing to bring about the objectives of this legislation. A pilot program established under the provisions of Section 5 will present very difficult problems of administration, and will be virtually impossible to terminate.

We respectfully recommend the approval of the amendments we have submitted, and urge the other suggestions we have made being incorporated in the Committee report as legislative instruction for the administration of this bill when enacted into law. With the amendments as recommended we shall be in support of this legislation. We shall be most willing to be of further service to the Subcommittee at any time.

Sincerely yours,

CLIFFORD G. MCINTIRE,
Legislative Director.

OGDEN, UTAH, June 9, 1972.

HON. GUNN MCKAY,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MCKAY: Thank you for your interest in the passage of a Forestry Incentives Act of 1972.

I am a small timberland owner in southwestern Arkansas and am very much interested in passage of legislation similar to H.R. 12873. The potential to increase production of timber for our national needs from the large area of small private woodlands is so great an incentive program sponsored by the federal government would go quite a way in fulfilling this need.

My 35 years' experience in government service, both in the West and South, my experience as a consulting forester, and timberland owner provide me with a sound basis for recommending that H.R. 12873 should be passed.

I am glad to see the provision in Section 6 that the services of agencies, firms, and individuals furnishing services and materials should be used in the forestry incentives program. However, I would like to see the section strengthened to give the Secretary direction to utilize these services rather than only to encourage him to do so.

I respectfully request that this letter be made a part of the hearing record.

Very sincerely yours,

JOEL L. FRYKMAN,
Consulting Forester.

NATIONAL WILDLIFE FEDERATION,
Washington, D.C., May 30, 1972.

HON. JOHN L. McMILLAN,
Chairman, Forestry Subcommittee, House Agriculture Committee, Longworth
House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The National Wildlife Federation appreciates your invitation to comment on H.R. 12873, the "Forestry Incentives Act of 1972." In lieu of making an appearance before your Subcommittee, we are submitting this letter to make our views a matter of public record.

The Federation strongly endorses H.R. 12873, and recommends its early passage. We are convinced that legislation incorporating the features contained in this bill is urgently needed to derive maximum multiple use values from the

309 million acres of nonindustrial private forest land and 29 million acres of non-federal public forest land that comprise 65 percent of the nation's total forest resource base.

We support fully the concept of cost sharing, up to 80 percent on private forest land, provided the purpose of the proposed Act remains broad in scope to include such multiple purpose benefits as enhancement of recreation opportunities and fish and wildlife habitat, as well as improvement of watersheds. In that regard, the Federation is of the firm opinion that if the proposed program is to maintain its balance, it is important that wildlife and other private or public resource interests be represented on state and local committees as ex-officio advisers.

The Federation also endorses the other features of H.R. 12873, including the provision for competitive bidding which is being successfully employed by the Agricultural Stabilization and Conservation Service in other activities, and the provision for a \$5 million annual authorization for pilot testing a variety of innovative loan or leasing programs.

Finally, we strongly support the proposed annual authorization of \$25 million for the program. The few million dollars being expended annually in the Rural Environmental Assistance Program (REAP) to improve wildlife habitat and forestry practices indicate that a wide base of support exists for the proposed Forestry Incentives Program. What is lacking in REAP is funding sufficient to support forestry and wildlife practices when such practices must compete for dollars with conservation practices that possess more tangible economic values and can result in a more rapid payoff. H.R. 12873 will insure that the forestry and related practices do not have to compete, while authorizing funds sufficient in magnitude to make a significant positive inroad in improving the quality of our nation's small, non-industrial woodlands. If we are to meet the many growing diverse demands that will be placed on both public and private forests in the next few decades, it is imperative that H.R. 12873, or its equivalent, be enacted at an early date.

The National Wildlife Federation respectfully requests that this letter be included in the official record of public hearings on H.R. 12873.

Sincerely,

THOMAS L. KIMBALL,
Executive Vice President.

NATIONAL WILDLIFE FEDERATION,
Washington, D.C., July 13, 1972.

Hon. JOHN L. McMILLAN,
Chairman, Forestry Subcommittee, House Agriculture Committee, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your letter of May 30, 1972 in which we commented on H.R. 12873, the "Forestry Incentives Act of 1972."

The purpose of this letter is to make some additional clarifying comments intended to perfect the language of the proposed bill.

First, with respect to line 22 of Section 2(b): the National Wildlife Federation feels that "five thousand acres" should be changed to "five hundred acres." The objectives of the proposed legislation can still be largely accomplished despite this further restriction on the maximum acreage because the vast majority of "small nonindustrial private forest lands" are held by persons whose total ownership of such lands is 500 acres or less.

Second, with respect to lines 14-16 of Section 6: the Federation recommends that the language be changed to read "The Secretary shall consult with the State forester and other appropriate officials of each State, including the State fish and wildlife administrator, in the conduct of the forestry incentives program provided for in this Act." The language revision will further insure that all natural resources interests are fully considered during the development of the State's forestry incentives program.

The National Wildlife Federation urges your subcommittee to give full consideration to the changes recommended above. We are convinced that the proposed revisions will insure that the bill, if enacted, is fair and equitable for all conservation interests.

Sincerely yours,

THOMAS L. KIMBALL,
Executive Vice President.

Mr. FOLEY. Again the Chair wishes to thank all the witnesses and others in attendance this morning for their testimony and assistance.

The subcommittee will stand adjourned subject to the call of the Chair.

(Whereupon at 12:15 p.m., the subcommittee recessed subject to the call of the Chair.)



