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# Forestry in the Next Farm Bill

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April 29, 2010

**Congressional Research Service**
7-5700
www.crs.gov
R41213

**CRS Report for Congress**
*Prepared for Members and Committees of Congress*

# Summary

Forest management generally, as well as forest research and forestry assistance, have long been within the jurisdictions of the Agriculture Committees. Although most forestry programs are permanently authorized, forestry has usually been addressed in the periodic farm bills to reauthorize many agriculture programs. The 2008 farm bill (the Food, Conservation, and Energy Act of 2008, P.L. 110-246) contained a separate forestry title, with provisions establishing national priorities for forestry assistance; requiring statewide forest assessments and strategies; providing competitive funding for certain programs; creating new programs for open space conservation and for emergency reforestation; reauthorizing four existing programs; and prohibiting imports of illegally logged wood products, among other provisions. Forestry provisions were included in other titles as well—the conservation title revised the definition of conservation actions to include forestry activities for all conservation programs; the trade title required special reporting on softwood lumber imports; the energy title established two woody biomass energy programs; and the tax title included three provisions altering tax treatments for forests and landowners.

Additional forestry issues have been suggested by various interests for inclusion in the next farm bill. Protocols for measuring, monitoring, and verifying forest carbon sequestration projects, which might qualify as offsets under existing or proposed regulatory schemes (e.g., regional programs or a national cap-and-trade system) or in voluntary carbon markets, could be included in the farm bill. Other ecosystem services—forest values that have not traditionally been sold in markets, such as clean air and water, wildlife habitats, and scenic beauty—were addressed in the 2008 farm bill, and Congress could extend, expand, alter, or terminate the existing ecosystem services program. Protecting communities from wildfire continues to be a priority for some, while controlling invasive species that threaten native forests is a priority for others. Congress could address programs for these purposes in the next farm bill. Also, use of woody biomass for renewable energy could be combined with wildfire protection and invasive species control, and the next farm bill could extend, expand, alter, or add to the woody biomass energy programs created in the 2008 farm bill and in other legislation. Funding to assist landowners to implement sustainable forestry practice is another issue; while forestry was included for all agriculture conservation programs in the 2008 farm bill, the previous sole forest-specific assistance program was not reauthorized. Finally, assisting forest-dependent communities in diversifying their economies has also been debated.

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Federal forestry historically has been associated with agriculture, and with agriculture legislation. Forestry programs have been addressed in past farm bills and other agriculture legislation. This report provides brief background on the House and Senate Agriculture Committees' jurisdiction over forestry, with examples of bills addressed by the committees. It then presents information on some forestry issues that have been debated and might be discussed during consideration of the next farm bill.[1]

# Background

Both the House and Senate Committees on Agriculture have jurisdiction over "forestry in general" and acquired national forests.[2] Thus, the committees have been able to exert considerable influence over federal forestry activities over the years. For example, the Forest and Rangelands Renewable Resources Planning Act of 1974 (P.L. 93-378; 16 U.S.C. §§ 1600-1614) and the National Forest Management Act of 1976 (P.L. 94-588), which guide U.S. Forest Service (USFS) planning and management, were both initially referred to the Agriculture Committees. More recently, the Healthy Forests Restoration Act of 2003 (P.L. 108-148; 16 U.S.C. §§ 6501-6591) was referred to and reported by the Agriculture Committees.

In addition to general forestry for national forests, the Agriculture Committees have jurisdiction over forestry research and forestry assistance to states and to private landowners.[3] Forestry research is governed largely by the Forest and Rangeland Renewable Resources Research Act of 1978 (P.L. 95-307; 16 U.S.C. §§ 1641-1647), which revised and updated the McSweeney-McNary Act of 1928. Forestry assistance is governed largely by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313; 16 U.S.C. §§ 2101-2111), which revised and updated the Clarke-McNary Act of 1924.[4] Both laws were referred to and reported by the Agriculture Committees.

Recent farm bills have also included forestry provisions, primarily addressing the forestry assistance programs. The first to contain a separate forestry title was the 1990 farm bill (the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624), which:

- created four new forestry assistance programs;
- revised two existing forestry assistance programs;
- amended two forestry assistance programs;
- revised the administrative provisions for forestry assistance;
- created five special forestry research programs;

[1] Many programs from the 2008 farm bill expire at the end of FY2012. For general information on the next farm bill, see http://www.crs.gov/Pages/subissue.aspx?cliid=641&parentid=1.

[2] Jurisdiction over national forests established from the public domain lies with the House Natural Resources Committee and the Senate Energy and Natural Resources Committee. See each committee's website for details on its jurisdiction.

[3] These three programs—forest management, forestry research, and forestry assistance—have traditionally been the three principal branches of USDA's Forest Service.

[4] For more information on these programs, see CRS Report RL31065, *Forestry Assistance Programs*, by Ross W. Gorte.

- amended three existing forestry research programs;
- authorized a private, nonprofit tree planting foundation; and
- created a new USFS branch: international forestry.

The 1996 farm bill (the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127) included only a few forestry provisions, extending the authorization for the one expiring assistance program and adding a new funding option within an existing program.

The 2002 farm bill (the Farm Security and Rural Investment Act of 2002, P.L. 107-171) contained a separate forestry title. The conference could not resolve many of the differences between the House and Senate forestry provisions, and thus the conference report contained fewer provisions than either. (Some of the disputed provisions were enacted subsequently in the Healthy Forests Restoration Act, P.L. 108-148.)

The 2008 farm bill (the Food, Conservation, and Energy Act of 2008, P.L. 110-246) included a forestry title and several forestry provisions in other titles. The forestry title:

- established national priorities for private forest management and assistance;
- required statewide forest assessments and strategies for assistance;
- provided for competitive funding for certain programs;
- created new programs for open space conservation and for emergency reforestation;
- established a USFS tribal relations program for cultural and heritage cooperation and a competitive grants program for Hispanic-serving institutions;
- reauthorized four existing programs;
- amended the Lacey Act Amendments to prohibit imports of illegally logged wood products; and
- modified three national forest boundaries and certain timber contract provisions.

In addition, the 2008 farm bill conservation title revised the definition of conservation actions to include forestry activities for all conservation programs. The statute required special reporting on softwood lumber imports, to assure implementation of the 2006 U.S.-Canada Softwood Lumber Agreement. Three provisions altered tax treatments for forests and landowners. Finally, the energy title of the 2008 farm bill included two woody biomass energy programs.

# Possible Forestry Issues for a Future Farm Bill

Reauthorization of the many agriculture programs is a major reason for the periodic farm bills, but most forestry programs are permanently authorized. This may reduce the pressure to include a forestry title in a future farm bill. Nonetheless, interest groups have raised various forestry issues other than the authorization levels for possible discussion within a farm bill. Possible issues include marketing carbon sequestration projects; marketing other ecosystem services; controlling invasive species; increasing wildfire protection; producing energy from woody biomass; funding forestry assistance programs; and diversifying local economies.

## Markets for Carbon Sequestration

The potential for forest landowners to sell the carbon sequestered by their forests and forestry projects has attracted substantial attention. While voluntary markets for forest carbon projects exist, they are relatively small and carbon prices are quite low.[5] However, legislation to establish a domestic cap-and-trade system to reduce emissions of carbon dioxide and other greenhouse gases has been introduced and debated in the 111th Congress. Most of these legislative proposals exclude agriculture and forestry from the regulated sectors required to reduce emissions, and allow those regulated sectors to buy carbon sequestered by offset projects in the unregulated agriculture and forestry sectors. [6] This could significantly expand carbon markets and raise carbon prices for forest carbon sequestration activities.

There are various concerns about the nature and structure of carbon offsets. Some relate to carbon markets generally—concerns about additionality (ensuring that projects go beyond business-as-usual), verification (proof that carbon is sequestered), and more. Such concerns have particular implications for forestry. For example, projects need to be additional—beyond legal requirements and business as usual—to qualify as offsets; thus, reforestation following timber harvests, in states that require reforestation, would not qualify as a carbon offset. Verification—measuring and monitoring carbon sequestration—can be a particular challenge for forestry.[7] In addition, some interests are concerned about the potential impacts of significant carbon markets for farmers and landowners.[8] These several concerns, as well as the possibly substantial benefits, might lead Congress to consider the nature and structure of carbon offsets in a future farm bill. Alternatively, Congress might choose to address provisions and protocols for agriculture and forestry carbon offsets in other legislative vehicles or not at all.

## Markets for Other Ecosystem Services

Forests provide a broad array of environmental services—clean air and water, wildlife habitats, pleasant scenery, and more—for which private landowners are generally not compensated, because these services are typically not bought and sold in a marketplace. A variety of interests have examined the possibility of finding ways to compensate landowners for continuing to provide ecosystem services. One means would be to develop such markets, and the 2008 farm bill included a provision (§ 2709) to facilitate such a development.[9] A new farm bill might extend, expand, alter, or terminate the 2008 provision. Alternatively, some propose federal "green payments" to directly reward farmers and other landowners who provide environmental benefits through their land management practices. Others suggest that farmers should simply be required to provide such public benefits, while still others assert that the environmental benefits farmland

[5] See CRS Report RL34560, *Forest Carbon Markets: Potential and Drawbacks*, by Ross W. Gorte and Jonathan L. Ramseur.

[6] See CRS Report R40994, *Agriculture and Forestry Provisions in Climate Legislation in the 111th Congress*, by Renée Johnson; and CRS Report R40236, *Estimates of Carbon Mitigation Potential from Agricultural and Forestry Activities*, by Renée Johnson, Jonathan L. Ramseur, and Ross W. Gorte.

[7] See CRS Report RS22964, *Measuring and Monitoring Carbon in the Agricultural and Forestry Sectors*, by Ross W. Gorte and Renée Johnson.

[8] See CRS Report R41086, *Potential Implications of a Carbon Offset Program to Farmers and Landowners*, by Renée Johnson et al.

[9] See CRS Report RL34042, *Provisions Supporting Ecosystem Services Markets in U.S. Farm Bill Legislation*, by Renée Johnson.

can provide are too modest to warrant compensation. Green payments or market development for forest and other landowners' ecosystem services might be discussed in Congress's deliberations on a future farm bill.

## Control of Invasive Species

Invasive species—non-native plants and animals that are displacing native ones—are becoming recognized as a substantial problem.[10] In a speech to the Idaho Environmental Forum on January 16, 2004, then-USFS Chief Dale Bosworth identified invasive species as one of the four major threats to the nation's forests and rangelands.[11] The USFS Forest Health Management Program has evolved from a mechanism to survey and control insects and diseases to a program to address all forest pests, including invasive species. Programs to address rapidly developing problems of invasive species have been proposed, but not enacted or funded. In its deliberations over a future farm bill, Congress could address the structure and financing of programs to prevent and control invasive species in federal, state, and private forests. Congress could also choose, implicitly or explicitly, to have the agencies address invasive species through existing programs.

## Improved Wildfire Protection

The threat of wildfire damages to resources and property seems to have increased in recent years. Attention has focused on high biomass fuel levels (particularly in federal forests) and on homes in or near at-risk forests, an area known as the wildland-urban interface.[12] The 2002 farm bill (§ 8003) created a new Community and Private Land Fire Assistance Program to assist communities and private landowners in planning and other activities to protect themselves from wildfires. The program was authorized at $35 million annually through FY2007 and "such sums as are necessary ... thereafter." The USFS has included such expenditures as authorized activities in its State Fire Assistance Program. However, Congress has not appropriated funds explicitly for this program.

Despite being a state and not a federal responsibility, protecting private lands and structures from wildfires continues to garner congressional attention, as the threat of wildfire persists. Whether and how to assist private landowners and communities, to combine this assistance with other assistance and incentive programs, and to fund such assistance could be debated in the farm bill context or in other legislative settings, such as the annual appropriations bills, or not at all.

## Energy Production from Woody Biomass

Interest in producing energy from woody biomass and other renewable sources derives from both demand and supply interests. Demand is driven by the need to produce renewable transportation fuels, such as ethanol, to meet the renewable fuel standard;[13] by state requirements, and possible

[10] See CRS Report RL30123, *Invasive Non-Native Species: Background and Issues for Congress*, by M. Lynne Corn et al.

[11] The other three identified threats were fire and fuels, unmanaged recreation, and loss of open space. See http://www.fs.fed.us/projects/four-threats.

[12] See CRS Report RS21880, *Wildfire Protection in the Wildland-Urban Interface*, by Ross W. Gorte.

[13] See CRS Report R40155, *Selected Issues Related to an Expansion of the Renewable Fuel Standard (RFS)*, by Randy Schnepf and Brent D. Yacobucci; and CRS Report R41106, *Meeting the Renewable Fuel Standard (RFS) Mandate for* (continued...)

federal standards, for electricity production from renewable sources;[14] and by the general interest in, and possible legislation for, reducing greenhouse gas emissions (e.g., cap-and-trade legislation). Supply interests are driven by concerns over hazardous wildlife fuels and invasive species—the removal of both provides biomass that could be converted into renewable energy rather than disposed of in ways that contribute their carbon to the atmosphere.

Numerous programs exist to induce or assist energy production from biomass. Some were created in the 2008 farm bill,[15] including two directed specifically at woody biomass. Others have been created under authorities such as § 210 of the Energy Policy Act of 2005 (P.L. 109-58) and § 203 of the Healthy Forests Restoration Act of 2003 (P.L. 108-148). Concerns over these programs include duplication and inconsistencies among authorities, definitions, and efforts;[16] and the potential diversion of wood waste from existing markets (e.g., for pulp and paper, particleboard, and other products that use wood fiber) to energy production, rather than increasing sustainable and beneficial removals of biomass from the forests. Congress might examine and modify existing programs to be more consistent and efficient in encouraging sustainable and beneficial use of biomass to produce renewable energy. Some, concerned about incentives or "subsidies" for renewable energy, might seek to constrain or terminate programs that could shift biomass from current beneficial uses to energy production.

## Forestry Assistance Funding

Federal funding for forestry assistance programs has generally been rising, but the increase has not been spread equally among the various programs. Funding has risen for cooperative fire programs (assistance to states and volunteer fire departments) and for Forest Legacy (acquisition of lands or easements on lands threatened with conversion to non-forest uses). In contrast, the Economic Action Program (economic assistance to rural, forest-dependent communities) has been proposed for termination, having fallen from peak funding of $54 million in FY2001 to $5 million or less since FY2008, with no funds in FY2007 (see the "Diversified Economies" section, below, for more information).

Funding for private landowner assistance programs has been a concern for many. These programs provided cost-shares to qualified landowners for forestry practices to increase tree growth, improve wildlife habitat, protect watersheds (thus improving water quality), and more. One of the changes enacted in the 2002 farm bill was to replace two programs—the Forestry Incentives Program (FIP) and the Stewardship Incentives Program (SIP)—with the Forest Land Enhancement Program (FLEP). Because funding for FIP and SIP had been discretionary and either stagnant (FIP) or absent (SIP), FLEP was given mandatory funding through the Commodity Credit Corporation of $100 million total through the end of FY2007. However, some FLEP funds were "borrowed" (temporarily transferred to another account) to pay for firefighting and were not repaid, and other funding was cancelled; in total, about half of the $100 million

(...continued)

*Cellulosic Biofuels: Questions and Answers*, by Kelsi Bracmort.

[14] See CRS Report R40565, *Biomass Resources: The Southeastern United States and the Renewable Electricity Standard Debate*, by Richard J. Campbell; and CRS Report RL33812, *Climate Change: Action by States to Address Greenhouse Gas Emissions*, by Jonathan L. Ramseur.

[15] See CRS Report RL34130, *Renewable Energy Programs in the 2008 Farm Bill*, by Megan Stubbs.

[16] See, for example, CRS Report R40529, *Biomass: Comparison of Definitions in Legislation*, by Kelsi Bracmort and Ross W. Gorte.

"guaranteed" for FLEP was actually spent on landowner assistance. FLEP was not reauthorized in the 2008 farm bill, but Congress might revisit the issue of separate funding for forest landowner assistance programs in the next farm bill. However, some question whether a modest forestry-specific assistance program is needed, since a small share of the much larger conservation programs might provide more forestry assistance funding. The 2008 farm bill included forestry as an accepted practice for all agriculture conservation programs.

## Diversified Economies

The economies of many rural communities have evolved around the use—finding, extracting, processing, and selling—of natural resources. In some of these areas, one resource (e.g., timber, minerals, livestock) has traditionally dominated the local economy, and the economies of such areas can be devastated when that resource is depleted or when its markets are depressed (permanently or even temporarily). Many communities have sought approaches to diversifying their economies, to mitigate the economic and social disruption that can occur when a dominant economic sector is depressed. The National Forest-Dependent Rural Communities Economic Diversification Act of 1990 was enacted in §§ 2372-2379 of the 1990 farm bill to authorize forestry and economic diversification technical assistance to "economically disadvantaged" rural communities. Funding for such assistance, provided under the Economic Action Program, rose from $14 million in FY1996 to $54 million in FY2001, but has declined since, and has been proposed to be terminated in several budget requests from the Bush and Obama Administrations. In its future farm bill deliberations, Congress might consider whether and how to perpetuate economic assistance programs for traditional wood products-dependent communities, either as a continued USFS program or as part of other USDA rural assistance programs, [17] or whether to terminate forestry-related economic assistance programs.

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[17] See CRS Report RL31837, *An Overview of USDA Rural Development Programs*, by Tadlock Cowan.