

Statement of

**Steve Swanson, President & CEO
Swanson Group, Inc.
Glendale, Oregon**

Before the

**Senate Energy & Natural Resources Committee
Subcommittee on Public Lands, Forests and Mining
United States Senate**

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Concerning

**S. 132, Oregon and California Land Grant Act of 2015
S. 1691, National Forest Ecosystem Improvement Act of 2015**

Good afternoon Chairman Barrasso, Ranking Member Wyden, and members of the Subcommittee. I am Steve Swanson, President & CEO of Swanson Group, Inc., a family-owned forest products company that dates back to 1951 when my father and uncle established Superior Lumber Company in Glendale, Oregon. I appreciate the opportunity to appear before you today. My testimony is primarily focused on the need and our continued support for a balanced, effective solution to break the paralysis surrounding the management of the statutorily unique BLM O&C lands. I'd also like to underscore the importance of adopting legislation to improve the health of our national forests and thank Senator Barrasso for his leadership in this effort.

The Swanson Group currently operates two sawmills, one plywood mill, and we're rebuilding another plywood mill that was completely lost to fire last summer. Our company employs about 600 people in some of the most economically distressed communities in rural Oregon. Like most of the domestic industry we have invested heavily to upgrade all of our mills with state-of-the-art technology and retooled them to utilize the smaller diameter timber we were told would be coming from federal forests. Unfortunately, an adequate and reliable supply of timber from federal lands has not materialized – putting our forests, rural communities, milling capacity, and private investments at risk. Our industry can compete with anyone in the world, if – and it is a big if - we can secure the raw materials required to run our operations.

I am here today because I care deeply – as an employer, business owner, and resident – about the health of Oregon’s rural communities and forests. The reality is that today both are in serious jeopardy. Nowhere is this more evident than southwest Oregon, where the majority of the BLM O&C lands are located. Over the past 20 years we’ve watched as litigation, appeals, and conflicting federal regulations and law have resulted in a 90 percent reduction in the volume of timber harvested from federal forests, including the O&C lands. Thousands of jobs have been lost, mills have closed, and forest health has declined dramatically – to say nothing of the growing devastation of forest fires and their impact on taxpayer-funded budgets

Our rural communities have paid the price. The disparity in pay between Oregon’s metropolitan and rural counties, which was once modest, has quadrupled. Rural Oregon’s per-capita income, which used to be above the U.S. average, is now only 75 percent of the U.S. average. Oregon is frequently at or near the top of the nation in per capita food stamp usage, with one in five Oregonians receiving assistance. County governments in southwest Oregon are on the brink of insolvency due to reductions in federal timber receipt revenues and the lack of private sector employment.

Western Oregon’s rural, forested communities are in dire need of a durable, workable solution. We need a solution that provides the remaining critical milling infrastructure with a predictable supply of raw materials; we need a solution that is going to get Oregonians back in the woods **proactively** managing our forests to reduce disease, insect, and fire risks. And, we need a solution that reflects the unique legal mandate of the O&C Lands – which is to provide permanent, sustainable timber harvests in Western Oregon.

S. 132, Oregon and California Land Grant Act of 2015

I appreciate Senator Wyden’s recognition of the challenges facing Oregon’s timber communities and his commitment to finding a balanced, effective solution for the O&C lands. Unfortunately, our industry is united in the view that S. 132, as currently constructed, is not that solution. The affected county governments in Western Oregon share the same assessment. Our industry and the counties provided Senator Wyden’s office extensive comments, concerns, and recommendations ahead of last November’s committee markup of Senator Wyden’s O&C legislation (S. 1784). Most of those concerns remain valid today. Instead of outlining these again, I would like to focus primarily on the necessary components of an effective O&C solution.

Effective, equitable legal and regulatory certainty. The cornerstone of any O&C solution is the level of certainty provided for meeting the timber harvest, conservation, county revenue, and other management objectives. For example, environmentalists desire certainty in the form of legal protections of certain areas and forest types, including Wilderness designations, old growth reserves, and other special management areas. For timber harvests, certainty means clearly defining timber harvest volume

objectives and addressing the analysis paralysis, conflicting regulations and laws, and activist lawsuits that create a never-ending series of barriers to managing any harvestable land base to meet timber sale and county revenue objectives.

There are a number of approaches available to Congress to provide adequate certainty for meeting timber harvest objectives, including legislating a minimum timber sale volume and rationalizing the contribution of the O&C lands to endangered species recovery. I believe the unique statutory mandate, history, and geography of the O&C lands justify Congressional action to break decades of conflict and regulatory and legal uncertainty.

The industry's paramount concern with S. 132 is that while the legislation provides permanent legal certainty on the conservation side of the ledger through wilderness protection, reserves, and other legislative protections, S. 132 does not provide the same level of certainty to rural communities, county governments and Oregon millworkers. If part of the statutorily-unique O&C Lands are going to be preserved **forever** by an act of Congress, I don't think it's unreasonable to ask that some of the lands be designated and unencumbered for the sole purpose of responsible management to create jobs and revenues for rural communities. I strongly feel that's the kind of balance and equity Oregonians want in a legislative solution.

Harvest levels: adequate, sustainable, economic, and geographically distributed. Current harvest levels are inadequate to meet the timber volume needs of the remaining industry infrastructure, the revenue needs of local governments, and the need to reverse declines in forest health. The situation is particularly challenging in the drier forests of Southwest Oregon, where the forests are at higher risk to catastrophic wildfires, federal timber harvest levels have declined the furthest, and the loss of mills has been most acute. Our company's two manufacturing facilities in Glendale are among the handful of mills left in the 866,000-acre Medford District, the largest BLM district in Western Oregon.

The key factor for addressing the needs of the forests, industry, and communities across Western Oregon is the portion of the land base made available for sustained harvests and the intensity of harvest permitted in those areas. For example, S. 132 designates about 31 percent of the BLM lands to ongoing, sustainable management. 69 percent of the lands are dedicated to conservation allocations, including extensive set-asides where harvest is prohibited. In Southwest Oregon's drier forests, only 28 percent would be open to timber management. Complex and burdensome silvicultural prescriptions would likely further limit the sustainable harvest levels in both "moist" and "dry" forest types. BLM's projections show that Southwest Oregon's Medford and Roseburg Districts would experience declines in harvest levels under this bill – and that's the best case scenario. More realistic projections indicate that the harvest reductions would be significant and widespread across Western Oregon.

While it would be important to consider the effect of any management approach on likely county timber revenues, there are limited options for increasing timber harvest volumes consistent with meeting other important objectives. Generally speaking, yes, it is possible to take a **lighter-touch approach** to managing a **larger portion** of the O&C lands. Or we can manage a **smaller portion** of the O&C lands **more intensively**. But, it is impossible to increase harvest levels by both reducing the size of the land base available for harvests AND placing further restrictions on managing those areas.

We must also ensure that any harvest plan is sustainable over the long term, 100 years or more. That's the very definition of sustainability and it is a principle our industry is founded on. Any plan that produces more volume now, say in the next 20 years, at the expense of future generations is not something our industry can accept. Not only would such a plan be unfair and irresponsible to the next generation of businesses, long term sustainability and predictability is essential to encouraging investments in milling and logging infrastructure today. I mentioned earlier that our company is currently rebuilding our Springfield, Oregon plywood facility that was completely destroyed by an accidental fire last summer. With confidence, I can say that had we lost our Glendale plywood facility, which directly employs 250, we would not be rebuilding due to the lack of available timber supply in southwest Oregon.

As an avid recreationalist and frequent rider in the annual Cycle Oregon bicycling tours, I can tell you that outdoor recreation and sustainable timber harvests are not mutually exclusive. Don't buy the claims that we have to choose between the economic benefits of outdoor recreation and having a vibrant forest products industry because they are entirely compatible with one other. For many rural communities the timber industry provides the necessary year-round economic base to support local amenities and services that are needed to attract recreationists. The recreation economy is actually being harmed by the lack of active management on the BLM lands and the resulting frequent catastrophic wildfires, reduced habitat diversity to support a variety of wildlife species, and insufficient funding to maintain access and essential services in many communities, including law enforcement.

Private lands: do no harm.

Finally, to those of you who may not be familiar with land ownership in the West: the federal government, through the Forest Service and BLM, owns and manages approximately 60 percent of Oregon's forestland. Yet currently, these lands provide only 13 percent of Oregon's annual timber harvest. I want to say that again because it's an important point: the Federal Government owns 60 percent of the forestlands in the state but only produces 13 percent of the timber. 78 percent of Oregon's timber harvests are derived from private forest lands, which comprise just 34 percent of Oregon's forestland.

Given the heavy reliance of our industry on private timberland harvests, a long-term O&C solution must not infringe on the management of private lands. I appreciate

Senator Wyden's efforts to protect private land access in S. 132. There also must be more attention paid to addressing the risks posed to private lands by insects, disease, and catastrophic wildfire originating from overstocked federal lands. Unfortunately, these threats don't respect property lines or ownerships.

Our industry has come to the table – and will continue to come to the table –to find a durable, workable compromise for the O&C Lands. In fact, the timber industry supported the House O&C proposal, which dedicated more than half of the O&C Lands to conservation purposes while dedicating less than half to sustained yield timber production with sufficient legal certainty. While that was a difficult negotiation, it was the right thing to do for our communities and federal forests.

Senator Wyden, despite our position on your bill, I want to assure you that our industry remains totally and completely committed to working with you and the rest of the Oregon delegation to find an effective, compromise O&C solution before we see further economic declines in our rural communities. Most rural communities that are dominated by federal forest ownership can't simply create alternative industries that defy the realities of their geography. With some of the most productive forestland in the entire world we would be foolish to even suggest it. Instead we should be taking steps to ensure that we restore active, sustainable management to the BLM O&C lands. We are excited to work with you in order to accomplish that mutual goal.

S. 1691, National Forest Ecosystem Improvement Act of 2015

The U.S Forest Service owns and manages nearly half of Oregon's forestlands. The 17 million acres of Forest Service land in Oregon is larger than nine U.S. States, ranking just above the state of West Virginia. Over the past two decades, Oregon's national forests lands have seen drastic declines in forest health and resiliency due to a lack of active management. These years of neglect have shattered many rural communities and left our forests unnaturally overgrown and vulnerable to catastrophic events.

We appreciate Chairman Barrasso's leadership in bringing forward his comprehensive national forest reform proposal. S. 1691 includes important provisions to address the primary factors limiting the management of our national forests today, namely litigation and cost and time required for the Forest Service to satisfy the analysis paralysis that constrains forest management projects. With at least 65 million acres of national forest at risk to insects, disease, and catastrophic wildfire, S. 1691 includes an important – albeit modest – mandate to accomplish at least 1 million acres of mechanical restoration treatments annually. The legislation seeks to address analysis paralysis by placing reasonable limits on the size scope of the analysis required for these ecosystem restoration projects.

S. 1691 also builds upon existing authorities, including Categorical Exclusions under the National Environmental Policy Act (NEPA) and Counterpart Regulations for Endangered Species Act (ESA) consultations, to streamline project planning and implementation for a limited subset of forestry projects, including those developed by collaboratives. The legislation would also adopt reasonable reforms to level the playing field for the activist groups that currently game the legal system to delay and stop collaborative projects, often on procedural grounds. S. 1691 also includes a pilot for resolving legal challenges to ecosystem restoration projects outside of the courtroom through binding arbitration.

On a bipartisan basis, last week the House passed H.R. 2647, which shares a number of provisions with S. 1691. Both of these proposals would provide federal land managers new tools to make our forests less vulnerable to insects, disease, and catastrophic wildfires. In addition to improving the health of federal forests across the nation, federal forest management legislation would create thousands of jobs in forested communities. I hope this Congress will come together to pass comprehensive forestry legislation for the benefit of our forests and communities and appreciate Senator Barrasso's commitment to getting this done.

Thank you for the opportunity to testify today.