

**STATEMENT OF
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Before the
Committee on Energy and Natural Resources
Subcommittee on Forests and Public Lands Management
United States Senate

Concerning:

S. 1457, the Forest Resources for the Environment and the Economy Act

September 30, 1999

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to appear before you today to discuss S. 1457, the Forest Resources for the Environment and the Economy Act. I am Robert Lewis, Forest Service Deputy Chief for Research and Development.

The Administration agrees with the general goals and objectives of S. 1457, the Forest Resources for the Environment and the Economy Act, and would support the bill if it is amended to address concerns and incorporate suggested changes as described below.

Overview

S. 1457 would amend the Energy Policy Act of 1992 to assess opportunities to increase carbon storage on national forests derived from the public domain and to facilitate voluntary and accurate reporting of forest projects that reduce atmospheric carbon dioxide concentrations, and for other purposes.

The legislation would direct the Secretary of Agriculture to:

- 1) report to Congress on carbon storage and the potential to increase carbon storage on national forests;
- 2) establish a Carbon and Forestry Advisory Council to advise him on the development of guidelines for accurate voluntary reporting of greenhouse gas sequestration from forest management actions, to evaluate the potential implementation of the guidelines, and to estimate the effect of proposed implementation on atmospheric carbon mitigation;
- 3) maintain a database on results of the carbon storage program and report annually to Congress on the results of the program; and
- 4) make grants to the States for the States to administer revolving fund programs for forest carbon activities.

The goals and objectives of S. 1457 are consistent with existing Forest Service programs. For instance, we continue to research carbon storage and carbon cycling, and modeling, with a current emphasis on below ground carbon storage in roots, soil, and organic matter. In addition, programs such as the Stewardship Incentives Program and Forestry Incentives Program provide technical and financial assistance to private landowners for reforestation and other forestry improvement projects that result in better management of forest lands, and through this better carbon storage.

The objectives of S. 1457 are goals that the Administration supports. We support the bill provided that funding, as well as certain technical concerns and clarifications are addressed.

Specific Concerns with S.1457

In terms of funding, the President's fiscal year 2000 budget (FY00) contains \$12 million for Forest Service research that would help accomplish the work needed to develop criteria and guidelines within the bill's timeframes. However, the current House and Senate Interior and related agencies appropriation bill for FY00 have rejected the President's forestry research initiatives and do not provide this funding. In addition, the Senate decreases the Forest Service research budget by \$10 million. As a result, this carbon related research would not be started and related ongoing research would likely be reduced.

Technical concerns with sections of the bill are as follows:

- 1) Section 4 (b) Carbon Management on Federal Land: The bill as written would limit the assessment to national forests derived from the public domain, which would exclude most of the forests in the eastern United States and some portions of forests in the western United States. While useful, we believe that this would provide an inaccurate and incomplete picture of the potential for federal lands.
- 2) Paragraph (5)(B) as added by section 4 (c) Carbon and Forestry Advisory Council: Prior to establishing a new committee or council, we suggest that the Forest Service be given the flexibility to consider utilizing an existing advisory committee such as the National Research Advisory Council. We also suggest that a tribal representative be added to the committee. This is important since many tribes have forest lands held in trust, and are eligible to participate in the program outlined in the bill.
- 3) Paragraph (5)(D) as added by section 4 (c) Criteria for reporting guidelines: The criteria for reporting guidelines are extremely complex and would be potentially expensive to implement. For example, the comprehensive accounting system linking forest management actions and sequestration to potential offsets and emissions in other sectors does not currently exist. We would have to undertake a major research effort to develop such a comprehensive carbon accounting system.
- 4) Paragraph (6)(B) as added by section 4 (c) Reports: The database contemplated does not currently exist, and would require a major costly effort to develop and implement.
- 5) Section 5 (b) Revolving Loan Funds: We assume that this section of the bill directs the Secretary to make grants to the States for the States to administer revolving fund programs. Private nonindustrial private forest (NIPF) landowners and Indian Tribes could use the assistance to do reforestation work for the purpose of increasing carbon storage.

We have concerns with this section, as currently written. Our primary concern is with the revolving loan program. The Forest Service does not have experience monitoring and evaluating State revolving loan programs. The administration proposed a similar loan program called the Smart Growth Partnership, as part of the Lands Legacy initiative in the President's FY00 budget. A key difference was that the Forest Service would transfer funds for this program to the Department of Agriculture's existing Rural Intermediate Relending

Program for administration of the loans. Furthermore, we believe that the goals and objectives of this program can be achieved utilizing existing authorities.

If, however, the intent is that the Forest Service would initiate its own credit program, the Forest Service does not have the experience with the direct administration of loan programs. We would work with Congress to provide necessary technical changes to the loan program authorization to ensure conformance with the Federal Credit Reform Act of 1990.

Also in this section, it is not clear whether the term watershed, in section 5(B) refers to a "National Forest Watershed" as defined in section 3(6), or to something else. Also, the term "forestry carbon activities" in section 5(b)(3) is defined differently in section 3(1).

The size of the watershed is not defined in terms of proximity to national forest lands, so that seemingly any landowner may qualify within a watershed that contains national forest land, even if they are literally hundreds of miles downstream. If this is the intent, then this should be more clearly stated.

Restricting the funding to native species in section 5(b)(3)(F), with preference given to species that formerly occupied the land, restricts the landowner's opportunities to take advantage of science and technology advances in woody cropping systems. Use of genetically improved stock or species native to the region but not necessarily native to that particular site, in a manner that is consistent with Executive Order 13112, Invasive Species, may offer opportunities for increased productivity, increased local income, and increased carbon sequestration opportunities that would not otherwise be realized.

Closing:

In summary Mr. Chairman, we support the objectives and intent of S. 1457, but are concerned with both the funding aspects of the bill, as well as some of the specifics of the bill. We look forward to working with you to make necessary changes and clarifications to this bill.

Thank you for the opportunity to comment today. I would be pleased to answer any questions you or members of your Subcommittee may have.