

Committee on Resources
Subcommittee on Forests and Forest Health
United States House of Representatives
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“Oversight Hearing on Restoration after Recent Hurricanes and Other Natural Disasters: Federal Role in Recovery after Catastrophic Events Affecting Forest Lands”

Testimony of
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Good day and thank you for allowing me to appear before you to discuss the need for federal assistance in the forest recovery efforts following Hurricanes Katrina and Rita.

My name is Charles A. “Buck” Vandersteen. I am a forester, a tree farmer, and Director of the Louisiana Forestry Association (LFA). The LFA is a private non-profit trade association representing landowners, loggers, and the forest products industry in Louisiana. Our mission is to promote healthy, productive forests through the practice of sustainable forestry.

In four hours on August 29, 2005, Hurricane Katrina broke, snapped, and laid on the ground more timber than two years of annual harvest in Louisiana. The 3 billion board feet of timber devastated by the storm affected 10,000 forest landowners, most of them family forest landowners headed by a family member 60 years or older. On September 24, 2005, Hurricane Rita damaged 1.6 billion board feet of timber on the southwestern side of Louisiana and over 2.6 billion board feet of timber in southeast Texas.

The enormity of the devastation is beyond local mill and logging capacity. The rate of wood degradation because of 90 degree temperatures is quickly rendering most of the material good for only pulpwood or biomass for fuel. Landowners have seen the prices for their trees drop precipitously. Landowners have seen their nest eggs for retirement, medical bills, and grandchildren broken and twisted like matchsticks and rotting on the ground.

These hurricanes could change the future of forestry throughout Louisiana and neighboring Mississippi, Texas, and Alabama because of its enormity and impact on private landowners. Investments in forestry are needed in order to stimulate tree planting and beginning the process of renewing the forest as quickly as possible. The Louisiana Forestry Association and family of forest landowners recommend tax incentives and direct payments to landowners to overcome their lack of financial resources caused by the hurricanes.

Tax incentives include:

- Increasing the casualty loss deduction for IRS purposes to the fair market value of the timber prior to Hurricane Katrina.
- Increasing the reforestation expense allowance to the amount actually spent during a taxable year.
- Increasing the time for reinvesting gains from salvage timber sales in reforestation or other forested property to five years or more.
- Completely eliminate the gain on salvage timber sales for IRS purposes if the gain is reinvested in reforestation.

Much of the salvageable material can be used as boiler fuel in our paper mills and forest product operations. Easing the tax code restrictions on the section 45 credit for electricity produced from biomass resources sold to unrelated third parties will encourage greater use of biomass for beneficial uses. This incentive will cause more biomass material to be used creating electricity than adding to the problem of land-fill space.

Direct Payments to Landowners:

The average age of a family forest landowner is 60 years and their income too low to take advantage of tax deductions or tax incentives. These landowners control over 60% of the forest in the affected area and what they do with their land will affect the future of the industry and forestry forever. Public values of watershed protection, wildlife habitat, clean air and water, and scenic beauty will also be impacted by the landowner’s future forest management decisions.

To encourage landowners to reinvest in forestry at a time when they have lost homes and personal property requires extraordinary effort on the part of Congress. The Louisiana Forestry Association recommends a direct payment to

the family forest landowner whose income is too low to take advantage of the tax laws to off-set their loss. This amount would be based on the fair market value of the timber prior to Hurricane Katrina and would be an incentive for the landowner to reinvest in reforestation for the future of our state and nation's timber supply. In the long-run, this investment will return tax dollars to the treasury and provide jobs when the timber matures and is harvested in the future.

Reforestation programs like the Tree Assistance Program administered through the Farm Services Agency should be expanded to include payments to forest landowners. The cost-share portion attributed to the landowner should be waived in an effort to re-establish the forest as quickly as possible.

The Emergency Watershed Protection program administered through the Natural Resources Conservation Service should be implemented without cost to the landowner in an effort to protect the quality of water resources of the state and the overall health of the remaining forests affected by Katrina.

The USDA State and Private Forestry funding administered through the US Forest Service and delivered by state agencies like the Louisiana Department of Agriculture and Forestry should be increased to protect the remaining forests from wildfire and outbreaks of insect infestation and invasive species proliferation.

Funding for Research at LSU Agricultural Center:

LSU is a land grant university within the Cooperative State Research, Extension and Teaching arm of USDA. The LSU Agricultural Center, with expertise in the School of Renewable Natural Resources and the Forest Products Development Center, will assess the long-term damage to the remaining forests caused by the salt water, oils, and pollutants washed into the state's forestland from Hurricane Katrina. The Agricultural Center's research has also extended into recovering treated wood from disposal in landfills. Research into extracting chemicals from treated wood can play a significant role in reducing the amount of material that will be land filled and increase the amount turned into beneficial products for reuse.

Landowner's attitudes about reinvesting in forestry and keeping their lands forested have been challenged by the storm. Will the storm create greater fragmentation of our forest resources and will landowners continue to view forestry as a viable investment? Answers to these questions and more will be part of research efforts by the LSU Agricultural Center to ascertain the long-term challenges for private investment in our future forest resources.

Also, attached to my testimony is a paper titled, "Forest Products Industry Hurricane Relief Legislative Options" prepared by the American Forest and Paper Association, an organization representing national forest interests and a close ally of the Louisiana Forestry Association.

Additionally, the Louisiana Forestry Association and the State Forester organized the Louisiana Forest Recovery Task Force to coordinate and facilitate the salvage of damaged timber caused by Hurricane Katrina. This information is provided to show this committee and people of this country that we are using every private effort and initiative to salvage damaged material. The enormity of the damage is greater than what the private sector can handle and we appeal for your assistance.

Thank you for the opportunity to testify before you today and I will be happy to answer any questions.