

**Statement of
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**Before the
Subcommittee on National Parks, Forests and Public Lands
House Natural Resources Committee
U.S. House of Representatives**

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H.R. 4888, the Cabin Fee Act of 2010

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today to provide the Department of Agriculture's views on H.R. 4888, the Cabin Fee Act of 2010. The Department appreciates the over 14,000 cabin owners across the country and the recreational experiences they enjoy on the National Forests and Grasslands.

H.R. 4888 would revise the procedures for determining the amount an owner of a cabin on the National Forests must pay to lease the underlying public property. The Department appreciates the financial burdens that some current cabin owners may face as a result of the Cabin User Fee Fairness Act of 2000 (CUFFA). However, HR 4888 presents challenges that I will discuss in further detail. The Department welcomes the opportunity to work with Congress to create a bill that is fair to cabin owners, other users of the National Forests, and the taxpayer, and that can be administered without undue burden on the agency or cabin owners.

The bill would replace CUFFA on National Forest System lands reserved from the public domain. It would create five payment tiers, or categories and provide for an additional payment on the sale or transfer of the cabin. It would require the agency to place cabins in five categories utilizing appraisals that would be in place at the time of enactment. CUFFA would remain in place for cabins on acquired National Forest System lands.

Before describing the challenges of this bill, it is important to consider the history of this program. In the early part of the twentieth century, the Forest Service began introducing Americans to the beauty and grandeur of their National Forests. One way to accomplish this objective was to permit individuals to build cabins for summertime occupancy within the National Forests. Cabin owners were permitted to occupy NFS land during the summer months in exchange for a fee. In 1915, the agency began to issue permits of up to twenty years for occupancy of NFS land. At that time, there was relatively little recreational use of the National Forests. Today, the National Forests host over 175 million visitors per year. When this recreational cabin program began, there was limited interest in building and owning a remote cabin on NFS land. Today, similar land at ski resorts, near lakes, and remote mountain settings are highly prized, selling for prices beyond the means of many Americans. In the early years, fees were nominal, but since the 1950's, the Forest Service has been mandated to obtain fees approximating market value for the use of NFS land. Increasing fees have led to controversy and have resulted in enactment of multiple fee moratoriums and caps over the years. CUFFA was the latest attempt to achieve an equitable fee for the use of National Forest System land.

CUFFA prescribes parameters for the appraisal process and fees under CUFFA are based on five percent of the appraised market value of the lot under permit. The agency began the appraisal process pursuant to CUFFA in 2007, and will be continuing that effort through 2012. As cabin owners received notice of the new fees, some have experienced dramatic increases because the old fees were based on appraisals completed ten to thirty years ago. In response, Congress included appropriations language for FY2010 which limited fee increases to no more than 25% of the fee paid in calendar year 2009.

There are a number of examples of families who have had cabins for generations, but are having difficulty paying the new fees. However, there are also examples where low annual fees in the past have led to significant financial gains when cabin owners have sold their cabins for significantly more than the value of the structure, essentially benefiting from a lower than market value for their use of public land. When this occurs, cabin owners are, in effect, selling the location of their cabin, which is owned by the American people. Some cabins have sold at a premium price, only to be torn down by the new owner and replaced with a new structure.

Here are our concerns with the bill as written:

Different Fee Systems

The bill applies to cabins on National Forest System lands reserved from the public domain which is the status of NFS land in much of the western US.

However, the National Forest System also consists of lands acquired from other

ownerships. Most of the eastern and mid-western National Forests are comprised of acquired lands. We estimate that seven to ten-percent of the estimated 14,000 cabins nationwide would be on a different fee system. To simplify the process and reduce the administrative burden, the Department requests that the same fee system apply to all cabins on all National Forest System lands.

Fee Amount Our analyses indicate that many of the proposed fees are less than those which would be paid under current law and below market value for many of the lots. As previously noted, fees below market value can lead to windfall profits when cabins are sold, as the sale prices will reflect the value of the locations as well as the value of the cabins. When the buyer of a cabin knows he or she will be paying market value for the location, prices tend to reflect only the value of the structure being conveyed. To reduce the likelihood of these profits, the proposed fee schedule should include additional tiers or the fees within the tiers of the draft bill should be increased. Projections indicate that expected receipts under CUFFA are significantly more than that which H.R. 4888 would generate. In addition, to reduce the administrative burden of billing or reimbursing fees due to changes in the fee estimate, the Department requests that appraisals be updated as scheduled and in place prior to implementation of any new fee legislation.

Additional Transfer Fees H.R. 4888 requires the Department to verify the price at which these private cabins are sold and subsequently obtain a payment based on a percentage of the sale. The Department is concerned about the administrative

challenges of obtaining this information, which in many localities is not public information, and collecting additional fees which creates an additional administrative burden.

Cost of Administration We appreciate that the bill acknowledges the financial burden on the agency. Under CUFFA the Department estimates that the annual cost of administering is from \$500 to \$700 per cabin plus approximately \$1 million per year for appraisals. In California the administration of this program accounts for over fifteen percent of the total recreation budget. On the El Dorado National Forest, one third of the recreation budget is spent administering this program. While there are some 14,000 cabin owners, there are 175 million visitors to the National Forests each year. H.R. 4888 would reduce the administrative burden by eliminating the need for appraisals. This would increase the availability of funding in the recreation budget for the Forest Service to provide a quality experience and protect the environment for all who use the National Forests.

Need to study cabin lots that may have lost their National Forest character Over time, occupancy of some “summer” cabins has evolved into four-season use, particularly those located on the periphery of the National Forests. While year-round use remains contrary to agency policy, administration of these cabins can become more complex as owners desire typical public services found in residential subdivisions; such as electric, phone, cable, and sewer. In addition,

their proximity and similarity to neighboring private subdivisions, suggests that some of these lots may have lost their National Forest character. The Department would like the opportunity to study this issue more carefully and to consider options to more effectively manage these areas.

Technical Changes Additionally, there are a number of additional technical suggestions which we would like to share with the Committee.

That said we acknowledge that there are advantages to this bill from an administrative perspective. It would reduce the agency's appraisal costs and it would provide certainty for cabin owners in terms of anticipated fees. Again, we welcome the opportunity to work with the Committee to develop legislation that is fair to the taxpayer, the cabin owner, and other users of the National Forests and Grasslands, and can be administered without undue burden on the agency or cabin owner

This concludes my statement and I would be happy to answer any questions you may have.