

10

**Testimony of Eric Carlson, President & CEO
Empire State Forest Products Association
Joint Budget Hearing on Environmental Conservation
January 29, 2014**

I want to thank the Chairman and the Members of the Standing Committee on Environmental Conservation for this opportunity to provide a perspective on the 2014-15 budget and the impacts on New York's environmental programs.

I am Eric Carlson, President & CEO of the Empire State Forest Products Association. Our association represents the forest products industry that provides jobs to over 66,000 people and providing nearly 7% of the economic activity in the State. In addition to these manufacturing jobs much of the forest recreation that provides an additional 31,000 jobs occurs on private forests we own, manage and harvest. Our members are forest landowners and companies that earn their living and depend on products produced from our State's forest, including those managed by the Department of Environmental Conservation.

Challenges bring us opportunities to think and act differently to achieve better results. Over the past three years we've seen agency budgets and programs decline. This new challenge makes us reflect on what we are accomplishing with the remaining staff and resources and how we can achieve environmental quality.

We have some great challenges that will impact our forests, invasive species, markets for the forest products we produce, understanding that forests are renewable, and the potential impact of the Marcellus Shale play that is already providing New York State energy and economic growth and yes potential impacts to forest resources.

First and foremost is the budget. We are extremely pleased to see the Governor lay out the Renewable Heat NY Initiative to use New York's biomass energy to replace imported oil to heat our homes and businesses, and public institutions. His message includes help to encourage more sustainable forest management, an important focus of our industry for the past 20 years. I also want to lay out some other opportunities this legislature can provide to expand markets for our forest products, deal with the impact of invasive species, and provide new opportunities for cooperation with our state and local governments.

We value partnerships, especially ones that work where partners share resources and risks. Our industry is ready to provide funding for wood supplies on a sustained basis, we want to manage wildlife populations, protect those unique resources, and most importantly have agencies that are timely, effective, a regulatory framework that is consistent and encourages good outcomes.

I will start with how government can help foster markets for our products. This legislature created the Wood Products Development Council to be that tool. The Wood Products Development Council (WPDC) needs funding this year. We recommend a \$300,000

appropriation to implement high priority projects identified in the WPDC latest report for action. We are poised by the upturn in the markets; new "check off" programs have been passed in the forest products industry by paper and softwood manufactures and a Hardwood Check off will be voted later upon this year. Now is the time New York can provide that seed funding so important to competitiveness for any industry. This Council has developed a detailed strategy working with the Departments of Agriculture and Markets, Environmental Conservation and Empire State Development that if we begin to implement will be a true partnership with the forest products industry to increase to the use of New York's Forest products right here in the state. We need to focus funding for true partnerships like the WPDC that are accountable for their work and share the burden of working together for a better New York. This will help us focus on developing local markets for local wood. Let's also consider legislation to include a New York- preferred in the Office of General Services purchasing bids. Only a handful of New York forest products companies are able to bid on state contracts. Let's give our companies simply the opportunity to bid competitively on state contracts.

Next, the use of Environmental Protection Fund is a great example where our industry shares support with many groups. We understand the value of public lands. Many of the State acquisitions have been to help assure our industry there would be land for acquiring wood supply in the future in addition to providing recreation, watershed protection, and clean air. These lands have remained as sustainable managed forests and we are pleased with DEC acquiring easement ownerships to assure both the industry with wood supplies and the public with access. We would encourage this type of acquisition be favored, especially inside the Catskills and Adirondack Parks.

We have worked closely with DEC on invasive species concerns. The sad result of global trade is the importation of these pests that have the potential to ravage our forests. DEC has used working with our industry, along with the Department of Agriculture and Markets to listen to our concerns and work through the difficulties to manage these pests. For example, DEC has been helpful to meet with our industry to explain their approach to managing the Emerald Ash Borer. By working together we hope to salvage value from these forests and adapt our management plans. If we wait we are in jeopardy of costing many landowners and towns funding and value and putting loggers and arborist at great personal risk removing dead and dying trees. We applaud DEC to continue to work with us, but they must have the resources. In a state with 19 million acres of forests it is a daunting task and we strongly urge you to address the Invasive Species allocation from the Environmental Protection Funds to address forest pests be increased , not at the expense of other programs, let's raise the EFP funding level.

The Asian horned beetle is a very different pest one that can actually destroy many species from our forests. A successful aggressive eradication program already begun by the Department of Agriculture and Markets with cooperation by DEC must continue until we have this pest controlled. Waiting is no longer an option. We celebrated eliminating ALB in the five

boroughs of New York City, a remarkable achievement and now we can invest in those Urban Forests and we support that EFP funding for urban forest programs.

Let's turn to property tax reform. We know that property tax reform is always a challenging policy issue. We share the responsibility and burden along with the agricultural industry that we need to earn our living off the land. Property tax reform must consider we need many decades for our crop to become mature to encourage a more sustainable forest management system that also provides the tangible benefits of open space, clean water and clear air. We encourage you to consider technical corrections in the 2008 forest tax legislation that will encourage forest owners to use sustainable forest management systems to meet the laws reporting requirements. This will accomplish two goals, without any loss of revenue, to streamline DEC oversight and would be a great step towards the Governor's assurance that Renewable Heat NY will provide incentives for sustainable forestry.

Finally let's help create more revenues for DEC by improving the State Forest contracting processes to enable our professional Foresters to more quickly respond to the ever increasing need to address forest health concerns and the impact of invasive species on our State Forests. Legislation has languished too long and this needs to be addressed in 2014. The State Forest Management accomplished by the Department depends on our industry to invest millions of dollars to purchase valuable wood products on the State's forests, thus helping them sustainably manage these resources. During the past decade, according to the recent DEC Strategic Plan for State forest management, the amount of wood put to market has diminishing over 50%. That DEC report goes on to say the State could double the timber outputs while remaining far below the annual growth and mortality rates. A 2007 NY Comptroller report recommended that if DEC would hire 15 foresters the State's revenues would increase by \$5.2 million. We need to make it easier for DEC to manage resources that produce real "green" jobs while improving the health of our forests. We are pleased that some of Committee members are Sponsoring legislation to make a small change that would modify the authority for timber sales. We agree with the Controller this authority must be limited to reflect the specific needs of the State Forest Management. However following Hurricane Irene and Sandy this authority is needed to address growing problems with downed timber and stands in need of harvest from decline and rapidly expanding infestations and disease. We will work with you the Governor to streamline and focus this effort on our forest health and safety. We know this has been a priority for Commissioner Martens but agency budgets and disputes over contracting authorities need resolved. Our forests are at risk today.

Another more compelling reason to increase timber sales is the condition of forest regeneration in New York. A recent Nature Conservancy report, using the latest US Forest Service forest inventory data, stated the serious condition in our forests throughout the State, and especially crucial in regions such as in central NY, the Catskills, and the Adirondacks where many threats including invasive species, and overpopulations of deer and in localities even moose prevent future forest from regenerating naturally. These are impacts we as humans are responsible to

manage and DEC needs the tools to manage these threats. The best tool for managing healthy forests continues to be timber harvesting, a tool that creates revenue and jobs. We need hunters to help us manage excessive wildlife populations and the budget support for expanding hunting opportunities is a welcome sign of support for this important forest management tool.

Our industry has helped in many ways. We have voluntarily invested in safety and environmental training programs for loggers. Over 2500 Professional loggers have been trained through this program and continue to improve their skills through annual continuing education requirements we strongly believe in operating safely with an eye to the resource we need, the forest. Our industry has built Chain of Custody systems in our mills so that we could capitalize on the State's certification of State's reforestation lands by the Forest Stewardship Council and Sustainable Forestry Initiative and to comply and help market our products to international marketers. We share sponsorship with DEC of the Tree Farm System that provides technical assistance to the 660,000 forest owners in the State. Thus we strongly support using more of the private sector to deliver many services. We already harvest the public forests, we work side by side on forest management on conservation easements lands, so let's provide DEC the opportunity to use us to get more revenues and improved outcomes. We know DEC shares with us the vision of a landscape of well managed forest in healthy condition, so we need to give them the people, the authorities, and incentives to accomplish that goal.

Lastly, I would remind the Committee that three years ago I recommended to this Committee the state begins to using incentives for installing high efficiency, low emissions wood biomass boilers and we are pleased to see the Renewable Heat NY in this year's budget. Helping communities and businesses that have limited opportunities to switch from fossil fuels will provide local markets, encourage more investment in the community and keep New York's heating expenditure here in New York. New York exports \$6 billion annually to purchase fuel oil for heating our public facilities and private homes. Our communities need to keep that money here in town and Renewable Heat NY will begin to foster that reinvestment.

I want to thank you for this opportunity and look forward to your questions.