



Timber Harvesting Plans

Presented To
Assembly Natural Resources Committee
Assembly Member Wayne, Chair



Forest Practice Act Timber Harvesting Plans

- The stated purposes of Forest Practices Act is to establish a comprehensive regulatory system that assures
 - The productivity of timberlands is restored, enhanced, and maintained.
 - The goal of maximum sustained production of high quality timber products is achieved while giving consideration to values relating to recreation, watershed, wildlife, range and forage, fisheries, regional economic vitality, employment, and aesthetic enjoyment.
- The timber harvesting plan review process is the process established in statute to implement the general purposes of the Forest Practices Act, as stated above.
- The Forest Practice Act prohibits timber harvesting unless harvest operations comply with a timber harvesting plan (THP) prepared by a registered professional forester and approved by the Director of the California Department of Forestry and Fire Protection (CDFFP).
- THPs are required to cover such matters as harvest volume, cutting method, erosion control measures, and special provisions for unique areas or wildlife that would be affected by harvesting operations.
- The regulation of timber harvesting is exempt from meeting certain California Environmental Quality Act (CEQA) requirements, including the preparation of an environmental impact report, based on the certification by the Secretary for Resources that this process is sufficiently equivalent to the CEQA process. The CDFFP acts as the principal agency responsible for approving THPs. The Departments of Fish and Game, and Conservation, and the State Water Resources Control Board act as advisors to CDFFP in the review process.



Timber Harvesting Plan (THP) Cost of Administration

- On average, the state, mainly Department of Forestry and Fire Protection (CDFFP) reviews and implements 1,240 plans a year.
- The *1999-00 Governor's Budget* proposes a total of \$14.2 million and 149 personnel-years for the review, inspection, and enforcement of THPs by all departments including CDFFP. Of the total, \$12.3 million is proposed from the General Fund.
- For CDFFP, the estimated 1998-99 cost for timber harvest review and implementation is \$9.6 million (105 personnel-years). This includes the following activities:
 - Initial plan review (56 percent of staff time dedicated to pre-approval review).
 - Approximately 80 percent of THPs receive one preharvest inspection.
 - Approximately 50 percent of THPs receive an active-harvest inspection.
 - All THPs have their completion and stocking reports reviewed.
 - 100 percent of final inspections are conducted.
- Characteristics of timberland and timber owners:
 - 8 million acres of private timberland in California.
 - 4 million acres are in industrial land holdings (10-15 land owners).
 - 4 million acres remain in land holdings of less than 2,500 acres (thousands of land owners).
 - There are approximately 840 licensed timber operators in the state.
 - The average size of a THP is 250 acres.



Timber Harvesting Plan (THP) Cost Should Be Covered by Fees

We have recommended in past analyses the enactment of legislation imposing fees or surcharges on timber operators to cover the state's cost of administering the Forest Practice Act.

Rationale for Fee Coverage

- The harvesting of private timber, on private lands, has impacts on watersheds that go beyond the boundaries of the timber harvesting area. In our view, it is appropriate for the state to charge fees to cover the costs of administering the Forest Practice Act because there is a direct link between the program and those who directly benefit from it through harvesting of timber. Furthermore, doing so would be consistent with the Legislature's actions in requiring the costs of similar regulatory programs in other state agencies to be reimbursed through industry fees and assessments. For instance, the cost of regulating waste discharge is covered by fees charged by the Integrated Waste Management Board. Similarly, the Department of Conservation charges industry fees to cover the cost of regulating oil and gas extraction activities.

LAO Reference

- Please see the *Analysis of the 1991-92 Budget Bill* (page 382), *Analysis of the 1992-93 Budget Bill* (pages IV-43 through IV-44), and *Analysis of the 1993-94 Budget Bill* (pages B-44 through B-45).



Timber Harvest Plan Fee Options



Are THPs required just for private timberland?

- In general, THPs are required for harvesting all timber on private and state lands.
- Harvesting of Christmas trees, dying or diseased trees (up to 10 percent of volume on site), and firewood are exempt from THPs.



Options—fees based on:

- Frequency of plan application (per plan).
- Size of harvested area (per acre).
- Volume of harvest (per thousand board feet).



Timber Harvesting Plan (THP) Fee Options

(Continued)

Option 1: Fee per Plan

Average number of THPs submitted annually between 1992-1996:	Fee per THP:
1,240	\$7,724

Does not include emergency notices or exemptions. Based on 1998-99 estimated CDFFP costs.

Pros	Cons
Everyone pays same fee.	<ul style="list-style-type: none">• Not equitable: big and small owners pay same regardless of workload to CDFFP to review plan.• Does not take into account the complexity of plan and the necessary reviews and inspections due to variations in terrain, type of habitat, or Endangered Species Act compliance.• Does not consider harvesting methods (clear cutting, selective, etc.), harvest volume or impact on the environment.• Smaller timber owners may be charged fees that render it not profitable to harvest.• Could create incentive for more aggressive harvesting of acreage (to maximize profit from one plan).



New administrative process would have to be developed to collect and process fees.



Timber Harvesting Plan (THP) Fee Options

(Continued)

Option 2: Fee per Acre

Average acres harvested annually between 1992-1996: 290,829	Fee per acre: \$33
1996 does not include emergency notices so fee would be slightly lower. Does not include exemptions. Based on 1998-99 estimated CDFFP costs.	

Pros	Cons
Includes harvest size (measured in acres)—smaller owners pay less than larger ones.	<ul style="list-style-type: none">• Does not take into account the complexity of plan and the necessary reviews and inspections due to variations in terrain, type of habitat, or Endangered Species Act compliance.• Does not consider harvesting methods (clear cutting, selective, etc.), harvest volume or impact on the environment.• Large THPs could be assessed fees which exceed actual costs of department.• Could create incentive for more aggressive harvesting of acreage (to maximize profit from one plan).

- Cost for an average THP (250 acres) would be \$8,250.
- The fee could be structured such that the first determined number of acres be charged \$33 per acre and any acreage above that (in a determined range) be at a lower rate per acre.
- New administrative process would have to be developed to collect and process fees.



Timber Harvesting Plan (THP) Fee Options

(Continued)

Option 3: Fee per Board Foot

Average annual board feet (in thousands) harvested between 1992 and 1996:	Average fee per thousand board feet:
1,679,000	\$5.70 (fee varies based primarily on volume and the type of tree harvested)
Based on 1998-99 estimated CDFFP costs.	

Pros	Cons
Includes harvest size (measured by actual trees harvested)—smaller harvesters pay less than larger ones.	Does not fully take into account the complexity of plan and the necessary review and inspections due to variation in terrain, type of habitat, or Endangered Species Act compliance. (The Board of Equalization [BOE] method does account for the location and tree species harvested.)

- A very rough estimate of fee per THP (using 1997 BOE data) is about \$5,000.
- Fees would be charged based on value of timber as estimated by the Board of Equalization (BOE) and would take into account both the volume and type of tree harvested. For example, redwood trees would cost more per board foot than pine trees.



Timber Harvesting Plan (THP) Fee Options—Additional Considerations



Is level of plan inspection adequate?

- The THP fee could be structured to cover the cost of three inspections (pre, active, post). This would require an upward adjustment of the estimated fees because currently, only the post-inspection is done for all THPs while preharvest inspections are done approximately 80 percent of the time and active inspections are done approximately 50 percent of the time.



How to adjust for complex plans?

- The department could assess additional fees for:
 - Additional inspections.
 - Different terrain (number of rivers or streams in plan, degree of slope, et cetera).

TABLE 1: COMPARISON OF ALTERNATIVES

SOURCE: CDEFP

DATE: 1999

	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative 5
Description	Fee per plan	Fee per plan	Fee based on size of the THP area	Fee based on harvest volume as reported to BOE	Fee based on value of harvest as reported to BOE
Unit of measure	Per plan by acreage	Per plan	Per Acre	Per Mbf	1.44% of value of harvest
Average Fee	<ul style="list-style-type: none"> 1-20 acres \$300 21-100 acres \$400 101-200 acres \$500 201-500 acres \$700 > 500 acres \$1,000 	\$11,612	<ul style="list-style-type: none"> \$44.32 per acre 40 acres: \$1,773 262 acres (ave size): \$11,612 500 acres: \$22,160 	<ul style="list-style-type: none"> \$6.77/Mbf 50 Mbf: \$308 500 Mbf: \$3,085 Avg 1,881 Mbf: \$11,606 	<ul style="list-style-type: none"> 1.44% of value of harvest 50Mbf @ \$300/Mbf \$216 500Mbf @ \$500/Mbf \$360 500Mbf @ \$300/Mbf \$2,162 500Mbf @ \$500/Mbf \$3,604 Ave THP of 1,881 Mbf @ ave \$428.11/Mbf \$11,606
Pro	<ul style="list-style-type: none"> Easy to calculate Low fee Small timber owners at the margin will probably not be forced to develop their land 	<ul style="list-style-type: none"> Easy to calculate 	<ul style="list-style-type: none"> Proportional to area harvested Easy to calculate 	<ul style="list-style-type: none"> Somewhat proportional to monetary gain Easy to calculate 	<ul style="list-style-type: none"> Directly proportional to monetary gain Easy to calculate General relationship to value and complexity
Con	<ul style="list-style-type: none"> Could result in larger THPs so as to reduce per plan costs Need new admin process to collect and process fees 	<ul style="list-style-type: none"> Not equitable; would tend to subsidize large landowners and penalize "smallis" No correlation between fee and service rendered Result in larger THPs Small timber owners at the margin may be forced to develop their land Need new admin process to collect May not reflect actual costs 	<ul style="list-style-type: none"> Incentive to harvest more on each acre Large plans could assess more than the cost to CDF Small plans may not cover all costs Does not account for site productivity which is unfair to poor site owners and better for high site owners Need new admin process to collect May not reflect actual costs 	<ul style="list-style-type: none"> Unfair to owners of low value timber Gov't not paid until after harvest is completed May not reflect actual costs Difficult and complicated to administer Need new admin process to collect and process fees Would need administrative fee in addition to the calculated amount to cover cost of collection 	<ul style="list-style-type: none"> Unfair to owners of high value timber Gov't not paid until after harvest is completed May not reflect actual costs Difficult and complicated to administer Need new admin process to collect and process fees Would need administrative fee in addition to the calculated amount to cover cost of collection
Who is affected?	<ul style="list-style-type: none"> Most equitable for all Better for large THP submitters Worse for small THP submitters, but not nearly as bad as Alt 2 	<ul style="list-style-type: none"> Better for large THP submitters Worse for small THP submitters 	<ul style="list-style-type: none"> Better for high site owners Worse for low site owners 	<ul style="list-style-type: none"> Worse for owners of low value timber 	<ul style="list-style-type: none"> Worse for owners of high value timber Since directly proportional to monetary gain, most equitable if the premise is to recover all THP review costs