

House Agriculture and Natural Resources Committee

Testimony of Dave Ivanoff – House Bill 4098

February 14, 2012

MEASURE: HB 4098
EXHIBIT: 12
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SUBMITTED BY: David Ivanoff

I am Dave Ivanoff, Vice President of Hampton Lumber, a family owned lumber manufacturing business with 480 direct employees working at our sawmills in Willamina, Tillamook, and Warrenton. These sawmills, which currently operate at approximately 60% of normal capacity, provide family wage jobs in hard hit rural counties. All of our mills are dependent on a steady flow of both private and public timber volume, especially from state of Oregon lands in NW Oregon.

Attached, I have included a spreadsheet illustrating how higher and sustainable timber output levels can be achieved, while at the same time protecting the environmental values about which we all care. If the land management strategy on state lands was changed utilizing the Forest Practices Act rules as the guiding management philosophy, approximately \$38 million of additional annual and sustainable revenue would flow from state lands on the north coast of Oregon every year with passage of House Bill 4098. The key point is that with a more conventional forest management approach, we would be harvesting about 81% of the total annual volume being grown across the landscape, so state timber inventories will continue to increase every year. In this time of extreme budget concerns, we can ill-afford to ignore this opportunity to improve Oregon's economy by continuing with a management plan that doesn't even harvest 50% of the annual growth rate. While a Department of Forestry (DOF) harvest model may generate slightly different harvest level assumptions than the projection I have provided, any credible analysis will show there is a staggering difference between what is currently being harvested vs. what could be harvested under a more conventional approach using the Oregon Forest Practices Act rules.

In late 2009 and early 2010, I served with others on a Public Advisory Committee (PAC) at the request of the DOF to review the Greatest Permanent Value Rule and provide input to DOF and Board of Forestry (BOF). The PAC included members of the conservation community, the timber industry, and the public, including a county commissioner. At our last meeting, I illustrated to my colleagues on the PAC how we could substantially increase timber harvest levels and simultaneously achieve other desired management goals. While my proposal which would modify the current Forest Management Plan was not voted upon by the PAC, I nevertheless believe it would have received majority support. At its April 9, 2010 meeting, the Forest Trust Land Advisory Committee unanimously endorsed my concept and recommended the BOF carefully consider changing the FMP accordingly.

The need for abundant public timber has never been greater, as significant volume of private timber is now being exported to China and other Asian countries. Family-owned, Oregon lumber manufacturers like Hampton Lumber are imperiled with inadequate raw material availability as never before. The higher timber output levels that would accrue with this proposed legislation would help alleviate the stress being felt by Oregon's domestic forest products manufacturing infrastructure and the communities within which it operates. We respectfully request the committee support this legislation to keep our forests and rural communities healthy, and to maintain the existing forest sector infrastructure in this state. Unless something is done to improve public timber supply from both federal and state forests in the near future, the unnecessary loss of employment in our rural communities will intensify. Thank you for the opportunity to testify.

Harvest Level Potential on Astoria, Forest Grove, & Tillamook Districts under House Bill 4098

Conventional (Forest Practices Act Rules) vs. Current OSDF Management Plan

(Prepared by Dave Ivanoff, VP-Resources -- Hampton Resources, Inc.)

A. Land Base (Includes only the Astoria, Forest Grove & Tillamook Districts -- Not Inclusive of other OSDF Timberlands)	500,000 Acres	
B. Estimated Current Timber Inventory (From OSDF - March 2010)	11,600,000 MBF	(11.6 Billion Board Ft.)
C. Current Estimated Annual Growth Rate of 3.25% on Total Timber Inventory Volume: <i>(Note: Based on Hampton's experience managing similar northwest Oregon timberland)</i>	377,000 MBF	(377 Million Board Ft.)
D. Current OSDF FY 2012 Annual Operating Plan (AOP) <i>(Note: At this harvest level, approximately 47% of the total annual growth across the landscape is harvested)</i>	176,000 MBF	(176 Million Board ft.)
E. Estimated Sustainable Annual Harvest Level under Oregon's Forest Practices Act (FPA) (Conventional Approach) <i>(Note: Based on Hampton's experience managing similar northwest Oregon timberland)</i> <i>(Note: At this harvest level, approximately 85% of the total annual growth across the landscape is harvested)</i>	320,000 MBF	(320 Million Board Ft.)

G. Revenue Impact of HB 4098 -- 95% of Conventional Approach vs. Current OSDF Management Strategy

	95% of Conventional Approach (FPA)	FY 2012 AOP	Volume Difference	Historic Ave. Stumpage Rate/MBF*	Foregone Revenue Flow / Year
Annual Harvest Volume - MBF/Year	304,000	176,000	128,000	\$ 299.00	\$ 38,272,000 **

* Arithmetic Average of BOF Timber Sale Stumpage Rates over the last 10 years (FY 2003 thru YTD FY 2012)
(For comparison: The YTD FY 2012 Average Stumpage Rate is \$318.50/MBF)

** Approximate Foregone Revenue Distribution / Year	
To Counties (Approximately 64%)	\$ 24,494,080
To OSDF (Approximately 36%)	\$ 13,777,920
Total	\$ 38,272,000