

**TESTIMONY OF
BOB BENNETT, STATE DIRECTOR, WYOMING
BUREAU OF LAND MANAGEMENT
BEFORE THE
SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
"ROLE THAT SMALL BUSINESS SHOULD PLAY IN MAINTAINING FOREST HEALTH"
FIELD HEARING, CODY, WYOMING
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Thank you for inviting me to participate in today's hearing on opportunities for small businesses in forest health activities on public lands. I am Bob Bennett, State Director for the Bureau of Land Management (BLM) in Wyoming.

The BLM manages the public lands in Wyoming (some 18 million surface acres comprising around 30 percent of the state's land base) for multiple uses including energy development, wildlife habitat, recreational opportunities, scenic vistas, wild horses, minerals, paleontological and cultural resources, and livestock grazing. Because of revenues from mineral leases, royalties, bonuses, shared revenues from grazing fees, and economic opportunities from public land-based commodity development, Wyoming remains one of the few States in the country without a State income tax.

A few highlights: Wyoming leads the nation in coal production, with 29 states using coal from public lands in the Powder River Basin to generate electricity. Trona (soda ash) mined from Federal and private land in the Green River Basin provides 90 percent of the nation's supply and 30 percent of the world's supply. Coalbed natural gas development for electricity generation will increase dramatically, as operators expect to drill more and more wells in the next decade. Revenue-sharing from energy activities on public lands in Wyoming brought \$467 million to the state in fiscal year 2003. Hunting trips and wildlife-related recreation on BLM-administered lands in Wyoming generate more than \$126 million annually.

Scattered across the public lands in Wyoming managed by the BLM are approximately one million acres of woodlands and forestlands. These often serve as buffers between rangelands and National Forest System lands; many are in isolated stands which are difficult to access

In Wyoming, as in other western states, there is an urgent need for actions to restore the health of the public forests and rangelands. To reduce the risk of catastrophic wildfire on our public lands, President Bush, in the summer of 2002, established the Healthy Forests Initiative (HFI). The HFI focuses on reducing the risk of catastrophic fire by establishing a framework for protecting communities and the environment through local collaboration on thinning, planned burns and other forest restoration projects. The initiative builds on the "10-year Comprehensive Strategy for a Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment," adopted in May 2002 by federal agencies in cooperation with western and southern governors, county commissioners, state foresters and tribal officials. On December 3, 2003, President Bush signed the Healthy Forests Restoration Act (Public Law 108-148), vital legislation that supports the Healthy Forests Initiative.

The President's proposed Budget for Fiscal Year 2005 includes \$760 million to be used by the Department of the Interior and the Department of Agriculture to continue implementation of the Healthy Forests Initiative. The budget proposal takes an integrated approach to reducing hazardous fuels and restoring forest and rangeland health. The fuels reduction program will be integrated with programs that support wildlife habitat improvements, watershed enhancements, vegetation management, and stewardship contracting to achieve more comprehensive and effective results on the ground.

Activities on the public lands to promote and restore forest and rangeland health present opportunities to small business and local communities. Recently enacted legislation (P.L. 108-7, Consolidated Appropriations Resolution, 2003) authorizes federal agencies to contract with small businesses to perform forest health activities. This stewardship contracting authority allows Federal agencies to enter

into long-term (up to 10 years) contracts with small businesses, communities, and nonprofit organizations to reduce wildfire risk and improve forest and rangeland health.

This authority allows contractors, community groups, and others to trade the value of forest and woodland materials as payment or partial payment for their service, while improving environmental conditions and adhering to applicable environmental regulations.

Long-term contracts foster a public/private partnership to restore forest and rangeland health by giving contractors the incentive to invest in equipment and facilities needed to productively use material from forest thinning to make useful wood products or to produce biomass energy.

The BLM has already begun to use this authority. On the BLM-managed public lands in Wyoming, three stewardship contracts are expected to be offered in 2004.

Among the expected benefits of stewardship contracting is production of biomass energy. The White House announced that the authorities in the Healthy Forests Restoration Act of 2003 will, among other priorities, encourage biomass energy production through grants and assistance to local communities creating market incentives for removal of otherwise valueless forest material. The President's Healthy Forests Initiative, the National Fire Plan and the 10-year Comprehensive Strategy all call for biomass and wood fiber use.

One problem has been that markets for biomass and small wood are sporadic and marginally economic in most western states. Long-term stewardship contracting presents opportunities for a steady supply, new markets and product uses. Just last month, the Departments of the Interior, Agriculture, and Energy joined the Western Governors' Association and National Association of Counties in sponsoring a conference to address the use of woody biomass as an effective restoration and hazardous fuel reduction tool that delivers economic and environmental benefits.

In conclusion, the BLM in Wyoming is moving ahead with activities to restore forest and rangeland health. In FY 2004, we expect to offer contracts for forest health treatments and hazardous fuels reduction, and to develop opportunities for using the by-products of such land and resource treatments. We are interested in working in partnership with other federal, state, local, and tribal agencies as we continue to implement the President's Healthy Forests Initiative.

This concludes my statement. I would be glad to answer any questions.