NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

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RESEARCH CENTER EXAMINES STATE FORESTRY POLICY

The N.C. General Assembly should examine how state funds for the regeneration of forestland are being distributed, says the N.C. Center for Public Policy Research, a private nonprofit research group in Raleigh. The Center says the present method of distributing the state's Forest Development Program (FDP) funds -- on a first-come, first-served basis -- does not best serve the program's purpose of replanting trees in areas where the greatest harvesting has occurred. From 1978 - 1983, of the $5.9 million spent in FDP funds, the Center found that $2 of every $5 went to only 10 of the 100 counties in North Carolina. The Center also found that most of the leading softwood producing counties and the leading sawtimber and veneer/plywood producing counties do not receive the greatest portion of these state funds.

The Center's findings are contained in the latest issue of their quarterly magazine, N.C. Insight in a special section on state forestry policy written by Howard Muse, chairman of the Moore County Forestry Association, and Bill Finger, the magazine's editor. The authors first detailed how important forestry is to North Carolina as a natural resource and as a source of jobs.

• Two of every three acres in North Carolina are covered by commercial forestland.

• Individuals and corporations outside the forestry industry own 80% of the state's commercial timberland. Local, state, and federal governments own 9% and forestry companies own 11%.

• North Carolina has more forest owners (245,000) than any other state in the country.

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• One of every 20 North Carolina civilians works in a lumber, paper, or furniture job.

• Forty-five percent of the 2.9 million acres of commercial forestland harvested each year in North Carolina is not replanted in any way.

In this 25-page analysis of state forestry policies, the Center focuses on regeneration of privately-owned forestland. In protecting what is perhaps the state's greatest natural resource, state government has accomplished a great deal. The Center praised the N.C. Division of Forest Resources for:

- implementing and continuing to support one of only six state reforestation programs in the United States. Since 1977, the state's forest development program has helped regenerate some 20,000 acres a year;

- developing a model for interagency coordination among federal, state, and local officials;

- retaining a high level of sophistication for fire prevention and fighting forest fires; and

- utilizing more federal cost-sharing funds than any southern state except Alabama.

But federal funds are shrinking. From FY 81 to FY 82, for example, federal funds for the Rural Fire Protection and Control Program in North Carolina dropped by 34 percent. In FY 83, funding for the Forestry Incentives Program, which provides partial support to private landowners for tree planting and timber stand improvement, dropped by almost a third. And, the Reagan Administration has proposed to eliminate federal funds for these and six other forestry programs in FY 84. This would mean a $925,520 loss to the state and another $686,000 loss to individuals and rural fire departments in North Carolina.

Even with federal funds at their peak, only two of every five acres harvested for timber in North Carolina are currently regenerated. To improve this record with state-level actions, the Center made four main recommendations:

First, the Division of Forest Resources should improve its data reporting and should record the number of landowners implementing some part of a management plan drawn up by the division's foresters. Presently, the Division keeps data on acreage approved for regeneration but does not go back and see what actually happened.

Second, the state should change its funding system by requiring that funds committed for reforestation projects be spent within two years. Currently, cost-sharing funds are committed to reforestation projects for up to three years before the funds must be spent. In FY 1979 and 1980, the state actually paid out only 59% of the funds set aside; funds are actually spent when landowners complete a project.

Third, the General Assembly's Appropriations Committees on Natural and Economic Resources should examine the geographical allocation of Forest Development Program funds and recommend to the 1985 legislature whether the first-come, first-served distribution system should be abandoned. Forestland owners in leading softwood-producing areas like Craven, Sampson, Gates, and Wake counties receive a small share of funds. Similarly, leading pulpwood-producing areas like Craven, Beaufort, Onslow, and Columbus counties do not get as much money from the state program as they might under an allocation system targeted to areas with the greatest tree harvesting volume.

Finally, the Center was critical of a proposal that would amend the "current-use" assessment property tax law to include corporate holdings of forestland. Under the proposal, all corporate forestland could qualify for taxation at its "current use" -- an assessment method which generally results in land being taxed at a lower rate than land assessed at fair-market value. This bill was introduced by Rep. Robert McAlister (D-Rockingham) in the 1983 legislature, but opposition by the N.C. Association of County Commissioners, local tax supervisors, and questions raised by N.C. Dept. of Revenue caused Rep. McAlister to ask that his bill (House Bill 262) be held for further study.

For a copy of the research on state forestry policy or for more information, call Bill Finger at (919) 832-2839.