

Lost in the Forest: Timber Sale Giveaways

One of the major reasons for road construction in national forests is to facilitate commercial logging. The fact that taxpayers subsidize the construction of these roads is compounded by the continual failure of the timber sale program. A flawed timber bidding system and lack of competition results in a net loss to the American taxpayer and direct subsidies to the timber industry.

The information below was taken from *Lost in the Forest: How the Forest Service's Misdirection, Mismanagement, and Mischief Squanders Your Tax Dollars* by Taxpayers for Common Sense.¹

Timber Sales Cost Taxpayers

The Forest Service has been unable to provide data on the cost of its timber sale program since FY 1998. At that time, the agency reported a \$126 million loss. An independent analysis found losses to be three times that amount.

According to the General Accounting Office (GAO), it will be at least 2004 until the Forest Service has a new accounting system in place, making it difficult, if not impossible, for Congress and taxpayers to hold the agency accountable to the cost of its timber sale program.

A recent Forest Service study found that the price received for federal timber is more than 50 percent below prices paid for state-owned timber.

Oral auctions in which timber purchasers only have to bid a few cents more than competitors to win a sale are often used for national forest timber sales and have resulted in hundreds of millions of dollars in lost revenue.

Cost of U.S. Forest Service Timber Sale Program to American Taxpayers

Regions FY 1998-2001	Total Number of Sold Timber Sales	Total Losses Due to Additional Price Reductions	Average Losses per Timber Sale Due to Additional Price Reductions
Northern	554	\$27,355,933	\$49,379
Rocky Mountain	286	\$1,635,535	\$5,719
Southwest	105	\$231,129	\$2,201
Intermountain	246	3,810,625	\$15,490
Pacific SW	----	Insufficient Data	-----
Pacific NW	626	\$42,122,939	\$67,289
Southern	----	Insufficient Data	-----
Eastern	----	Insufficient Data	-----
Alaska	74	\$3,650,102	49,326
Total	1891	\$78,806,265	\$41,674

Lack of Competition

When the Forest Service appraises the fair market value of timber for sale it continually discounts the real value of the timber in order to spark competition that never occurs. An analysis by *Taxpayers for Common Sense* for FY1998 - 2001 revealed the statistics below, demonstrating a stunning lack of competition in the overwhelming majority of timber sales. Ultimately, timber sells for prices that are consistently well below market value and consequently the administration of the timber sale program is rarely cost effective.

- 30 percent of all timber on national forest lands was sold with only one bid.
- 70 percent of all Forest Service sales received zero, one or two bids.
- 98 percent of sales in the Tongass National Forest took place in non-competitive markets.

¹ For more information, citations or to download the report please refer to <http://www.taxpayer.net/forest/lostintheforest/index.htm>.