National Alliance of Forest Owners

STATEMENT FOR THE RECORD

ON BEHALF OF

THE NATIONAL ALLIANCE OF FOREST OWNERS

BEFORE THE UNITED STATES SENATE AGRICULTURE COMMITTEE

MARCH 11, 2021

Chairwoman Stabenow, Ranking Member Boozman, and distinguished Members of the Senate Agriculture Committee, on behalf of the National Alliance of Forest Owners (NAFO), thank you for the opportunity to provide a statement for the record on private working forests and the important role they can play as a natural climate solution.

NAFO is a national advocacy organization committed to advancing federal policies that ensure privately owned working forests provide clean air, clean water, wildlife habitat and jobs through sustainable practices and strong markets. Our 50 member companies own and manage more than 46 million acres of private working forests – an area larger than the entire state of Washington. NAFO's membership also includes state and national associations representing tens of millions of additional acres. Privately owned working forests represent 70% of total U.S. working forests.

Sustainably managed working forests are a critical nature-based solution to climate change. By providing a continuing cycle of growing, harvesting, and replanting, sustainable forest management optimizes a forest's ability to sequester and store carbon and improves forest health and resilience. U.S. forests and forest products offset 15% of U.S. industrial carbon emissions every year. The power of our nation's forests as a carbon sink to curb the effects of climate change is unmatched by any other sector. We welcome the opportunity to work with this Committee on ways to increase the role of forests and forest products as a climate solution through policy mechanisms that are market-based, seek real mitigation benefits, recognize sustainable forest management, and support good-paying jobs in rural communities.

Strong forest products markets are vital to climate mitigation benefits and help keep our forests as forests. Our forests are sustainably managed to supply a steady, renewable supply of wood for lumber, energy, paper, and packaging, providing more than 5,000 items that consumers use every day. Building innovations such as mass timber are further expanding the role wood can play in reducing the carbon footprint of the built environment while supporting rural America. Privately owned working forests support 2.5 million jobs, mostly in rural communities, and have the opportunity to do even more.

In addition to climate benefits, there are important environmental co-benefits to keeping working forests working. Water supplies for communities around the country come through forested watersheds, where forests act as a natural filtration system for nearly 30 percent of the water we drink. Private working forests also play an important role in conserving at-risk and declining species. Access to these forests is vital to wildlife conservation, as sixty percent of our nation's at-risk species rely on private forestland for survival. Collaborative conservation efforts such as NAFO's Wildlife Conservation Initiative can benefit species while keeping forests as forests.

Over the past few years, NAFO has worked closely with a number of organizations to advance the climate mitigation benefits of private working forests. Our efforts have yielded a unique set of Principles on Private Working Forests as a Natural Climate Solution signed by NAFO member company CEOs and the CEOs of national environmental and conservation organizations.

Today, we would like to share with you some opportunities to further enhance the climate benefits of private working forests and forest products. NAFO has developed these recommendations in conjunction with coalitions such as the Food and Agriculture Climate Alliance and the Forest-Climate Working Group, demonstrating the broad appeal of these ideas across the forestry sector and beyond.

Increasing Forest Carbon Sequestration

Providing market incentives to enhance carbon sequestration is one of the most important things we can do to scale the role of private working forests as climate solutions and help keep forests as forests. Voluntary market and incentive-based solutions can enable private forest owners to increase carbon sequestration in forests, while continuing to provide well-paid jobs in rural communities and ecosystem services such as clean water and wildlife habitat.

One way to increase forest carbon sequestration would be to provide a tax credit to reward forest owners for providing verifiable climate benefits through forest management. The tax credit should be transferrable and should reward landowners and producers based on carbon sequestered, captured, and stored over a baseline. While the tax credit should be administered by the Department of Treasury, USDA should be responsible for how the tax credit accounts for carbon, as USDA's experience and relationships will be key for successful program development and implementation. Structured appropriately, a landowner tax incentive for forest carbon sequestration could increase the return on investment to private forest owners for carbon sequestration and catalyze further efforts by private forest owners to provide climate benefits at scale. The tax credit can also work well for farmers, ranchers, and other agricultural producers for sequestering carbon and reducing emissions.

Additionally, Congress has established several conservation programs administered or funded by either the U.S. Forest Service or the Natural Resources Conservation Service to encourage landowners to grow and maintain forests. These programs should be reviewed to ensure they are accessible for all private forest owners, include climate benefits as an objective, and recognize the conservation value of scale.

Improving Forest Data for Climate Outcomes

Both the public and private sectors are looking to increase the climate contributions of working forests and forest products, and they rely on reliable, regularly updated government data to inform decisions. This Committee can take actions that will improve the forest climate data available to the government and private sector.

The USDA's Forest Inventory and Analysis (FIA) program within the Forest Service is the only source of forest data and analysis that is national in scope and consistent in measurements. While FIA is a tremendous resource of data and analysis, the demands for information on forest carbon are becoming more varied and consequential. Accurate measurements and widely available data are critical for the U.S. to measure its progress on reducing CO_2 emissions. They are also needed to ensure carbon markets can thrive in a way that is underpinned by data and trusted by government, financial markets, and environmental stakeholders.

More data collected more frequently is not enough. Additional statistical research capacity is required to develop and employ the complex cutting-edge statistical procedures required to produce the level of accuracy needed. We recommend providing an additional $20 million per year in new funding above FY21 levels of $77 million to FIA to implement technologies to reduce costs and make it easier to measure and monitor forest carbon, especially for forest inventories and verification. We also recommend directing FIA to accelerate data collection on the base grid to a five-year remeasurement cycle nationwide across all forest types, including all privately owned forests, and ensure the program has sufficient funding to support this activity.

Achieving Climate Outcomes in Carbon Markets

An important part of achieving forest carbon mitigation benefits at scale are the protocols used to measure and verify carbon outcomes. Protocols should ensure carbon benefits are real and encourage participation. Protocol improvements are needed to maintain rigor and confidence in the quality of carbon credits while reducing unnecessary burdens on participants. There are two main ways this Committee can direct USDA to support private carbon markets.

First, the Committee can direct USDA to formally recognize credible existing protocols. Credible protocols are those that have strong criteria for additionality, verification, and permanence. Protocols should increase the amount of carbon stored over a baseline, accurately verify carbon sequestration, and ensure that carbon is stored for appropriate durations. Programs should also be structured to avoid double counting additional carbon.

Second, USDA can foster innovation in new protocols that credibly account for real, measurable increases in forest carbon sequestration. These areas of innovation should reduce unnecessary burdens on landowners and reduce hurdles to landowner participation in existing protocols. Areas for innovation include use of sequential sampling methods, remote sensing, and aggregation. These innovations can reduce the costs of forest carbon measurement and verification and lead to the development of more flexible options on permanence and project area changes. Most importantly, the innovations would address existing barriers to entry for forest owners interested in managing forest land specifically for climate benefits.

Sustainable Wood Construction for Climate Outcomes

The traditional markets for working forests – and long-lived wood products in particular – can also become an important climate solution by addressing a challenge posed by building construction. The manufacture of building materials accounts for approximately 11% of global GHG emissions, according to the UN. Architects and developers are focusing on reducing this so-called “embodied carbon” in building materials. Yet, most federal programs to reduce carbon emissions in the built environment emphasize only energy efficiency and energy sources, and exclude embodied carbon. Changing how the federal government considers the built environment can significantly reduce embodied carbon at scale, align with the ongoing efforts of the private sector, and advance a new and powerful carbon mitigation tool.

Building with wood has the potential to significantly reduce embodied carbon in buildings. Research shows that, in the U.S., increasing use of wood in non-residential buildings alone could provide a net emissions reduction of over 870 million tons of CO_2e over the next 50 years – a reduction equal to the emissions associated with powering 100 million homes for a year. Building with wood provides two primary carbon benefits: long-term storage of carbon in the wood, turning the building into a “carbon vault”; and avoided manufacturing emissions that results from using less energy-intensive materials, like wood, in place of materials that are more

energy-intensive. With the introduction of mass timber in the nation's preeminent model building code, wood is now approved as a structural material for buildings up to 18 stories tall, a height that encompasses nearly all buildings in the U.S.

With oversight of the Forest Product Laboratory, Wood Innovation Grant Program, and the BioBased and BioPreferred procurement programs, this Committee has several avenues to encourage building with wood to reduce embodied carbon. Such emphasis could provide opportunities in all infrastructure projects, including transportation, transit hubs, federal buildings, schools, affordable housing, and more.

Infrastructure and Procurement Policy to Reduce Embodied Carbon in Buildings

To unlock the potential of wood as a low-carbon building material, this Committee should leverage its oversight of USDA to enact policies that decrease the greenhouse gas emissions associated with construction materials by at least twenty percent in federally-funded procurement. This recommendation should encompass all new and renovated buildings, bridge construction, and other related projects in the built environment and should use a life cycle assessment approach to demonstrate carbon benefits. The recommendation aligns with the first plank of the Biden-Harris Administration's Climate Innovation Working Group, which calls for "zero net carbon buildings at zero net cost, including carbon-neutral construction materials."

Also in support of this goal, USDA should convene a workgroup that identifies market and incentive-based approaches to secure carbon benefits in buildings and realize associated opportunities. This group could also coordinate with other departments that play a role in building with wood, including the General Services Administration, Department of Energy, and Department of Defense, perhaps under the auspices of the National Climate Task Force.

Sustainable management of U.S. forests is important to ensuring increased use of wood in construction truly achieves climate and other environmental outcomes. Each year, less than 2% of working forests are harvested, and all of that land is replanted to continue the cycle of growth, harvesting, and replanting. As a condition of membership, NAFO members annually certify they are managing their land sustainably, and most meet this requirement via certification in one or more of three robust third-party certification systems available in the U.S.: The Sustainable Forestry Initiative, the Forest Stewardship Council, and the American Tree Farm System. The three programs are given equal weight in the BioPreferred program, and in accordance with the clarification made in the 2018 Farm Bill, these three credible certification systems should be given equal weight in any federal procurement policy.

Tax Credit for Building with Low Carbon Materials

To drive low carbon construction in the private sector, this Committee should support a transferrable tax credit for building with low carbon materials. The tax credit should go to the developer of the project or to the entity making most of the decisions and investments in materials for the project. Projects should include residential and multi-story buildings across a variety of use cases, including those providing additional social benefits, such as schools, affordable housing, and infrastructure investments. The amount of the tax credit should be determined by the building's carbon footprint score using a carbon calculator that is well documented, scientifically sound, widely used, material agnostic, compares between materials, and considers all life cycle stages.

Providing a tax incentive to build with low carbon materials will help reduce the carbon footprint of the built environment and support strong forest products markets that are critical to keeping our forests as forests – thereby supporting U.S. climate goals.

Expansion of Technology Transfer for Use of Low Carbon Building Materials

USDA's Forest Products Lab (FPL) and Wood Innovation Grant program (WIG) already play important roles in driving the use of wood products as building materials, and they have the potential to do more.

This Committee can help ensure the WIG program is fully funded at $25 million per year and can increase the program's focus on technology transfer. The WIG program can prioritize projects such as education for architects, designers and engineers; standardized plans for infrastructure construction, such as bridges and sound barriers; changes in the International Building Codes; and construction practices that deliver use of wood and mass timber at scale.

The Committee can also provide $27 million in funding for the Forest Products Lab, a $2 million increase over current levels, focusing the increase on continued life cycle assessment research and technology transfer to advance the climate and environmental benefits of wood products.

Emphasis on Advancing Rural Jobs and Prosperity

The recommendations we provide are designed to advance good paying jobs and economic prosperity in rural forested communities across the country. As the Committee considers these recommendations, we urge Committee members to emphasize the impacts of increasing the use of forests and forest products on the nearly three million Americans who live and work in our rural forest communities. Advancing the role of forests and wood products as climate change solutions can both build and strengthen the forest products supply chain and the people it employs as strong, engaged participants in natural climate solutions.

Because the forest economy is interdependent and interconnected, we strongly recommend that the Committee view our recommendations as similarly interdependent and interconnected. We urge the Committee to continue to engage the full forestry value chain as it pursues these recommendations to optimize the benefits they provide to rural forest communities.

Conclusion

Thank you again for conducting this hearing to identify opportunities for the forestry and agriculture sectors to address climate change. Thank you also for the opportunity to provide a statement about the important role private working forests can play as a natural climate solution. Market-driven solutions like those proposed today can enable private forest owners to invest further in sustainable management that enhances forest carbon sequestration, water quality, wildlife habitat, and good paying rural jobs. NAFO stands ready as a resource to this Committee as it addresses the important challenge of climate change and the solutions private working forests can offer.

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