

# Taxpayers for Common Sense National Taxpayers Union

June 15, 2004

The Honorable Ann M. Veneman  
United States Department of Agriculture  
1400 Independence Ave., SW  
Washington, DC 20250

Dear Secretary Veneman:

On behalf of our members, the undersigned groups urge you to delay the proposed “Biscuit Fire Recovery Project” timber sale until a thorough review of the costs can be completed. Independent economic analysis of the U.S. Forest Service’s Environmental Impact Statements (EIS) for this sale reveal that instead of reaping profits, taxpayers are going to end up stuck with a tab of more than \$34 million.

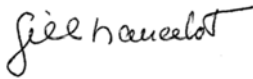
The Final EIS released last week recommended a 370 million board foot (mmbf) sale of burnt timber. Considering that the economic analysis found that at lower sale volumes, such as 300 mmbf and 98.7 mmbf, taxpayers would end up losing \$34 million and \$3 million respectively, and that a sale of 518 mmbf would lose more than \$100 million, the proposed 370 mmbf would likely cost taxpayers significantly more than \$34 million. Timber sale losses of this magnitude are unconscionable.

As you know, the Biscuit Fire occurred in 2002, and burned across more than 500,000 acres in the Pacific Northwest, the vast majority within the Siskiyou National Forest in Southwestern Oregon. In November of last year, the Forest Service proposed what appears to be the largest post-fire timber salvage sale in history. Unfortunately, while the Forest Service has consistently predicted a windfall for taxpayers, an independent economic analysis paints a different fiscal picture – one that is significantly in the red. For instance, in its analysis the Forest Service ignored the law of supply and demand – flooding the market with millions of board feet in timber will reduce the sale price and the taxpayer return. Additionally, the agency assumed that burnt timber would receive the same price as green timber, low-balled historically expected Siskiyou National Forest administrative and clean-up costs by 70 percent, and simply ignored regional and national overhead costs associated with the sale. Considering that historically, regional and national overhead costs have averaged \$16 per thousand board feet, ignoring these costs significantly undermines the credibility of the Forest Service’s analysis.

We strongly urge you to require the Forest Service develop realistic and cost-effective plans for the post-fire recovery in the Siskiyou National Forest. Once that is done, we urge you to go forward with salvage timber sales only if they cover the burden they place on taxpayers. With budget deficits in excess of \$500 billion predicted for fiscal year 2004 and another potentially-expensive fire season upon us, we can’t afford to spend taxpayer dollars on money-losing timber sales.

We would be happy to answer any questions you might have regarding this matter. Please contact Steve Ellis at Taxpayers for Common Sense at (202) 546-8500 x126 or [steve@taxpayer.net](mailto:steve@taxpayer.net) for more information.

Sincerely,



Jill Lancelot  
President  
Taxpayers for Common Sense



John Berthoud  
President  
National Taxpayers Union

Copy: Mr. Mark Rey, Under Secretary of Agriculture  
Mr. Marcus Peacock, Associate Director of Office of Management and Budget