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## California questions \$18-million logging industry subsidy

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By [Matt Weiser](#)

The Sacramento Bee

Published: Wednesday, Sep. 28, 2011 - 3:51 am

Last Modified: Wednesday, Sep. 28, 2011 - 4:46 am

California taxpayers subsidize the logging industry to the tune of \$18 million a year, according to testimony at an Assembly hearing Tuesday.

The key question before the Accountability and Administrative Review Committee was whether any of that subsidy is justified.

Owners of the state's 8.7 million acres of private forestland argue they provide public benefits including wildlife habitat, clean air and carbon sequestration – not to mention about 22,000 jobs.

Environmental groups counter that logging causes habitat loss and water pollution and that the industry should cover all of the state's cost to police those problems.

Data provided by the Legislative Analyst's Office show that regulating logging on private land costs state government \$18.8 million a year. That includes processing timber harvest plans, inspecting logging areas before and after harvest, and protecting downstream areas from erosion that harms salmon habitat.

The industry pays state agencies about \$550,000 a year in permitting fees. That means the state general fund subsidizes the balance of more than \$18 million a year.

In comparison, the state plans to close 70 parks next year because it doesn't have \$11 million in the general fund to keep them operating.

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Ten companies account for 70 percent of logging on private land, according to committee staff. This includes companies such as Sierra Pacific Industries, the state's largest private landowner, and Humboldt Redwood Co.

These companies pay an average of \$5,500 in state fees for each timber harvest plan. That compares with a maximum fee of \$500 in Washington state, which also does not cover its regulatory costs.

Industry officials say state costs are excessive and should have declined over the past decade along with a 50 percent drop in logging volume.

"None of us are advocating for the rules to be lessened," said Mike Jani, president of Humboldt Redwood Co.

Ken Pimlott, director of the California Department of Forestry, said costs have not declined because there are now more rules to protect the environment. Some aim to reverse problems from past logging practices, such as erosion caused by logging roads.

He also said that while the number of projects has declined, the number of acres per project has increased, making each more complex.

The legislative analyst since 1999 has suggested a new fee per board-foot of lumber harvested. This would be equitable, it argues, because it would vary by project size.

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