



Empire State Forest Products Association

The people behind New York's healthy forests and quality wood products

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**Senate Standing Committees on Finance,
Energy & Telecommunications
And Environmental Conservation
Public Hearing**

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**Implementation of the Climate Action Council Final Scoping Plan
Legislative & Budget Actions Necessary**

Introduction

The Empire State Forest Products Association (ESFPA) represents over 350 member businesses, industries and landowners engaged in forest resource production and stewardship of New York's 19 million acres of forest. In total, \$22.9 billion dollars in annual industry production and nearly 100,000 jobs are attributable to operations of various industries within the forest related sectors. Over 200,000 private forest landowners depend on wood product markets to provide a return of investment on their forests lands which in turn enable them to keep their forests forest and steward their lands in ways that benefit all New Yorkers.

ESFPA appreciates the opportunity to provide testimony to the Senate Finance, Energy & Telecommunications, and Environmental Conservation Committees on the topic of legislative and budgetary actions necessary to implement the Climate Action Council Scoping Plan (the Plan). ESFPA was pleased to be engaged in the Plan development through participation in the Agriculture and Forestry Advisory Panel as well as the opportunities to share with several other Advisory Panels, including - Buildings, Industry, Local Government, Transportation and Waste. The process was daunting yet rewarding in collaborating with the stakeholders and agency representatives that navigated the process. In the end there were many recommendations for forests as well as ways to improve the forest based economy.

It has long been recognized by the Intergovernmental Panel on Climate Change (IPCC), the U.S. Climate Alliance, and now the New York Climate Action Council, that forests play a key role in efforts to reduce and mitigate carbon emissions. Climate mitigation from New York's (and the world's) forests include three important elements: forest carbon sequestration and storage, carbon stored in durable harvested wood products, and the substitution benefits of forest products that can substitute for other products and energy sources that otherwise are derived from fossil fuels. Together sustainably managed working forests and the forest products they produce are already one of the State's greatest assets for achieving the climate goals of the CLCPA and the Plan.

The Climate Action Council (CAC) has recognized these three elements of forests and wood products and included a host of strategies to maximize the potential of our forests and wood products. Many of these will require funding to bring their benefits to scale and some require legislation to enable them to be deployed. We present these budget and legislative actions necessary to implement the Plan's strategies for forests and wood products in three broad sets of comments:

1. Promoting sustainable forest management.
2. Retaining and promoting the "bioeconomy."
3. Supporting applied research and innovation.

Promote Sustainable Forest Management

New York has 18.6 million acres of forest, covering approximately 62% of the total land area of the State. These forests serve as a major carbon sink that stores 1,911 MMT of carbon, nearly 10 times the amount of carbon produced by all sectors of our economy in one year. More importantly, our forests sequester 26.6 MMT of CO₂e annually. Each year and every year after that in perpetuity. While storage is important, what the CLCPA calls for is the annual sequestration or removal of 60 million metric tons of carbon annually to reach Net Zero by 2050. Our forests will be called upon to help reach that rate of sequestration.

For over 100 years New York's forests have grown, following a forest land cover decline to 20% of our total land in forest at the turn of the 19th to 20th centuries. This recovery of forests led to our peaking rate of annual sequestration at 30 MMT per year. Today, however our annual forest sequestration rate is 26.6 MMT in 2019. The opposite direction we need to be going.

This decline is a result of three primary factors:

1. Loss of forest land cover. In the past decade New York has lost about 300,000 acres of forest to conversion. Primarily from forest to agriculture conversion, development or sprawl, and conversion of forest for energy siting and transmission/distribution.
2. Invasive pests and diseases. New York is home to over 70 known invasive pests and diseases. The mortality rate of forests from pests and diseases has been growing for years and resulted in a decline of sequestration.
3. Aging forests. As forests age they store a lot of carbon, but they begin to decline at the rate at which they sequester carbon. Unfortunately, New York's forests are relatively even aged and older so their rate of sequestration is declining.

Sustainable active forest management of New York's forests is important to ensuring desired climate and other environmental outcomes. To reverse the decline of annual sequestration rates and begin to increase forest contribution to the necessary 60 MMT/year, will necessitate a well-funded and concerted effort to get there.

In developing a sustainable forest management effort, we also need to focus on where we can manage forests in New York. That takes understanding who owns our forests and where they can be managed. Figure 1 one breaks out New York's forests by "reserved" forests or "timberlands" as well as who owns those lands. Of New York's 18.6 million acres of forest, 17.2% is "reserved" composed primarily of our 3 million acres of Constitutionally protected Forest Preserve.

Timberland is classified by the Forest Service as land not reserved from harvesting or forest management. Timberland provides the opportunity for additionality through improved forest practices for carbon management. Private family owned forests and corporate forests make up the majority (70%) of timberland acres in New York. So our sustainable forest management efforts need to prioritize leveraging improved sustainable forest management on these private lands.

Figure 2 shows the ownership type and status in New York. The largest ownership class is private and the class holds the most promise for addressing climate change. Over 95% of our timber harvests come from private forests and we harvest less than 2% of private forests annually. Today, we grow two times the amount of wood in private forests than we harvest or lose to mortality in a year. This increased growth translates into carbon sequestration and storage. The bottom line is that strong wood product markets are good for forests and climate mitigation.

To quote the IPCC in its ***2019 Report on Climate Change and Land*** – “In the long term, sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber, or energy from forests, will yield the largest sustained mitigation benefits.”

“Sustainable forest management can reduce the extent of forest conversion to non-forest uses. Sustainable forest management aimed at providing timber, fiber, biomass, non-timber resources, and other ecosystem functions and services, can lower greenhouse gas emissions and can contribute to adaptation (high confidence).”

Figure 1.--Proportion of forest land by land use and ownership class, New York, 2019*

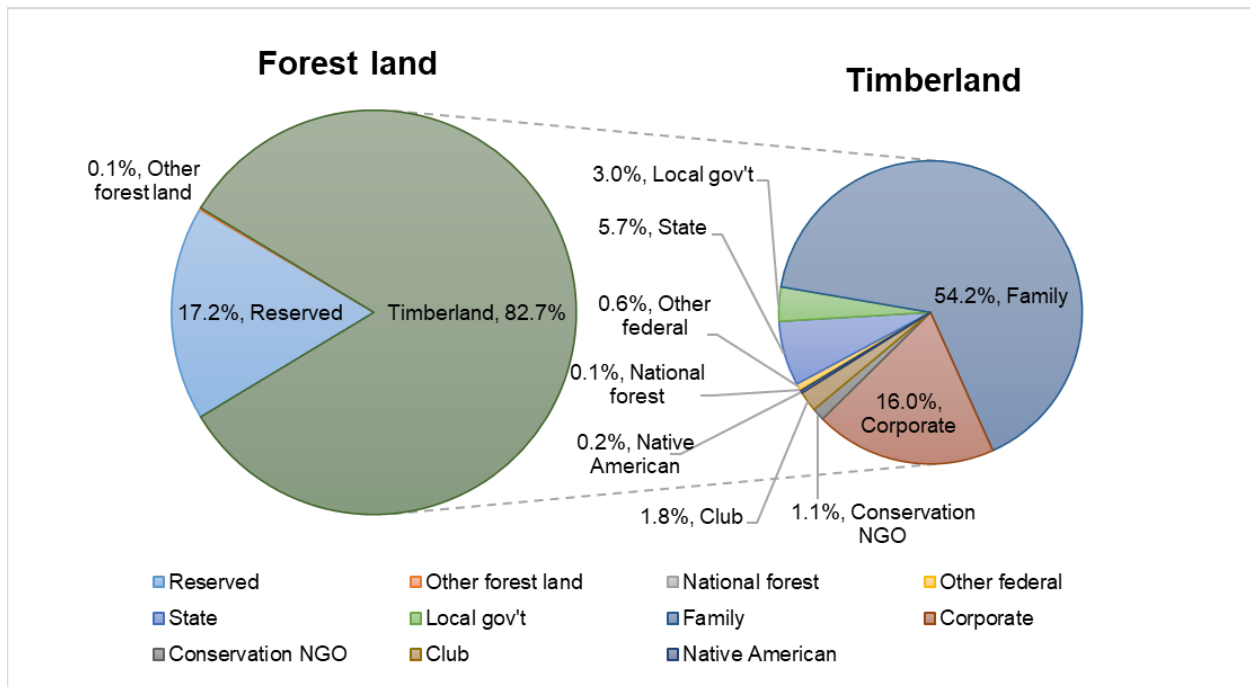


Figure 2 – New York Forested Acres By Ownership and Status*

Owner Class	Timberland	Reserved Forest Land	All Forest Land
Federal Lands	109,306	39,390	148,696
State Lands	1,062,173	3,021,620	4,083,794
County & Municipal Lands	561,085	135,052	696,137
Private	13,652,193	0	13,677,940
Total	15,400,403	3,196,062	18,622,212

*Source US Forest Service FIA Data for New York, 2019

Budget Actions

Over the past few years, the Governor and Legislature have added programs under the **Environmental Protection Fund (EPF)** that benefit private forest landowners.

- **Through Regenerate NY**, landowners can apply for financial assistance for projects on their land that support the establishment and renewal of healthy forests. This is a cost share reimbursement program, so all costs must be incurred by the landowner or fiscal sponsor before they can be reimbursed. The program has been funded for two years at \$500,000/year. It also has been limited to smaller forest landowners.
- **Forest Conservation Easements for Land Trusts (FCELT) Grant Program**. In partnership with the Land Trust Alliance, a total of \$1.35 million in grant funding was available in 2022 for DEC to award to eligible, accredited land trusts to purchase conservation easements on forested land for the purpose of protecting these lands from future development. The goal of the grant program is to increase the pace of forest land conservation to keep forests as forests and combat climate change.

These programs have not been funded to a scale that can generate the climate benefits we need. They also need to be available to all forest landowners regardless of ownership type or size. These programs also need to focus on implementing forest practices that bring additionality to annual carbon sequestration rates.

New York’s land acquisition programs over the past several decades have resulted in over a million acres of acquisitions in both fee and easements. The **Environmental Protection Fund**, again, has been an invaluable tool for leveraging acquisitions. In easements alone, the 1996 Bond Act and the EPF have resulted in over 900,000 acres of working forest conservation easements, also leveraging billions in private sector capital for fee acquisitions under those easements. Increasing the EPF to \$400 million in 2022 added more to the land acquisition piece of the EPF and we would support developing a pathway to a \$500 million EPF.

Voters in 2022 also approved the **Clean Air, Clean Water and Green Jobs Bond Act** which will bring \$650 million to fund open space land conservation. No less than \$425 million will be available to fund, in part, fee and easement forest acquisitions by the state, municipalities and non-profit organizations. Our priority would be to invest in working forest easements that can provide landowners with revenues for sustainable forest management.

The Plan also includes a recommendation to **compensate forest and agricultural landowners for the ecosystem services they provide**. In addition to carbon sequestration benefits, our forests yield

tremendous benefits in protecting clean air, clean water and biodiversity benefits at scale. Once again, private forest landowners yield these benefits at their own expense. Sustainable forest management on private lands can yield these benefits at scale and compensation for these benefits can enable private owners deliver even greater benefits.

The Plan also calls for the **expansion of outreach and technical assistance** to private landowners. Specifically, ESFPA sees the important role that Soil & Water Conservation Districts and Cornell Cooperative Extension can provide. But these programs are already over prescribed and there would need to be resources through the **EPF** or other funding to allow them to expand and improve outreach and technical assistance on forest carbon and forest management to family forest landowners.

Legislative Actions

The Plan calls for the Legislature to adopt amendments and new sections of the Real Property Tax Law as it relates to taxation of private forest lands. Specifically:

- **Amend Real Property Tax Law § 480-a:** The State should enact legislation to amend Real Property Tax Law § 480-a to create tracks for forest carbon management, induce greater landowner participation and integrate stronger sustainability provisions (such as forest regeneration) with the primary goal to remain unchanged and encourage sustainable timber management.
- **Enact new legislation for Real Property Tax Law § 480-b:** The State should enact legislation to create a new real property tax incentive (new Real Property Tax Law § 480-b) to allow private forest landowners to manage for multiple benefits (such as wildlife habitat, water quality, wood products, carbon sequestration, and carbon resilience) and, if desired, conserve their forests in natural conditions to participate in tax programs.
- **Enact new legislation:** The State should enact legislation to create a real property tax incentive (Real Property Tax Law § 480-c) to provide forest landowners a tax incentive to undertake practices that increase carbon storage, carbon sequestration, and climate resilience.

This legislation needs to ensure that benefiting properties bring additionality (additional carbon or climate benefits generated due to practices above the current baseline state) to the intended provision of the section. For example; 480-a brings fiber and timber to market, 480-b generates habitat and species recovery, and 480-c brings increased sequestration. Business as usual is not sufficient.

ESFPA can only support this legislation if municipal taxing jurisdictions are held harmless in loss of revenues. Municipalities have their own fiscal challenges in addressing climate change and cannot afford a loss of tax revenue. The State should fund the tax revenue implications of tax abatements.

Retain and Promote the Bioeconomy

The bioeconomy describes the portion of an economy that produces renewable bio-based feedstocks, rather than fossil fuel-based feedstocks, to produce bio-based products e.g., chemicals, pharmaceuticals, biodegradable plastics, bioenergy, food, and feed. It uses forestry, agriculture, and aquaculture-based feedstocks, as well as biological raw materials produced by industry. Utilizing bio-based feedstocks creates locally based jobs and economic development while providing climate change

benefits and other environmental services, such as clean water, wildlife habitat, and recreation opportunities.

New York's bioeconomy includes our existing forests and wood products industries. This sector is directly responsible for nearly 40,000 well-paying jobs and more than \$13 billion of economic output and is indirectly responsible for another 53,000 jobs and nearly \$10 billion of economic activity. Our existing bioeconomy is essential to ensure a supply chain of feedstock, workers and innovation to unleash new biobased products.

Our forest-based bioeconomy today is comprised of primary manufacturing including pulp & paper manufacturing, hardwood and soft wood mills, energy production (wood pellets and firewood) and a supply chain of loggers, haulers, foresters, equipment dealers and the like. Under this initiative the State will ensure a competitive business environment for bio-based businesses and provide workforce development opportunities for workers to acquire bioeconomy-based job skills, while ensuring policies promote the sustainable management of our forests and access to the forest-based bioeconomy feedstocks.

The State can help in leveraging of private investment capital conversion of bio-based feedstock (agricultural and forestry biomass, municipal and livestock waste) into bio-based products like biofuels, renewable chemicals, and heat.

- Biofuels are fuels derived from renewable forest and farm materials. Examples: cellulosic ethanol, biodiesel, butanol, bio gasoline, biogas and sustainable aviation fuels.
- Biochemicals (or renewable chemicals) are chemicals, polymers, monomers, or plastics that are not sold primarily for use as food, feed, or fuel and are composed of at least 51% of bio-based feedstock. Examples: plastics, PVC, 3D printing, specialty chemicals, household chemicals, fabrics, paint. Substituting for otherwise fossil fuel derived products.
- Biothermal is heat produced from biomass living or recently living biological materials that can be used for fuel or industrial production and displacing fossil fuel energy sources.

Retain the Existing Bioeconomy & Supply Chains

Maintaining our existing wood product manufacturing and supply chains is essential to expanding and innovating wood product markets of tomorrow. New York's forest products industry produces a diverse range of forest products and jobs. Today the demand for wood products results in markets that benefit forest landowners and encourages them to keep their forests in forest and producing, fiber, timber, and ecosystem benefits. New York's forest products sector is a leader in sustainable forest practices. Our supply chain is built to efficiently use every part of the trees we harvest. As a result, our sector is complex, interconnected, and interdependent.

Each part of the supply chain is mutually reinforcing – trees supply wood for sawmills and papermills, sawmills provide chip[s] and saw dust for pulp and paper production, mills use their manufacturing residuals to produce energy and heat, which provides enormous greenhouse gas reduction benefits by displacing fossil fuels. This interconnectedness requires wise and efficient use of every resource, support along the supply chain in contractors such as loggers and haulers to move trees and produced products. The balance is delicate and when one portion falters the whole sector falters.

The existing markets and supply chains are important today to support our jobs and manufacturing, and will be important in advancing new markets and products.

Budget Implications

The state should work with and help finance partners to support training and workforce development for the wood products sector. The State should help support **New York Logger Training (NYLT)** and bolster support for the **Trained Logger Certification**. This support should focus on safety, forest management best practices, and business viability. NYLT has received funding from the State Hazard Abatement Board in the past but this funding has dwindled from a once high of \$62,000/year to \$12,000 this year. The level of funding should be restored and increased to support training in carbon best practices.

The State should support workforce development and training in the sector. Partnering with the **Wood Products Development Council**, the State should identify and target recruitment and training efforts in areas where hiring and retention of workers is challenging. Areas in need of help right now include loggers, haulers, and manufacturing line workers. These are good paying jobs and recruitment and retention are very challenging.

Expand Markets for Sustainably Harvested Wood Products

While New York retains a diversified forest products sector, there has been a decline in the number and diversity of primary wood products manufactured in New York directly in veneer products, pallets, boards and paper over the last couple of decades. To expand the wood products industry, to store more carbon, to displace fossil fuel intensive products, and to facilitate sustainable forest management, we need additional wood product markets, diversified use of wood feedstocks and residues, and more innovation.

Budget Implications

The State has invested in the **Wood Products Development Council (WPDC)** through the EPF at \$250,000/year for the last 5-years but that is woefully short of what we need to facilitate investment and innovation. Either within the EPF or from other sustaining funding sources the State should increase this investment significantly. The WPDC could then focus on promoting long-term, durable wood products that store carbon and are substitutes for materials that are more fossil fuel intensive. In general, more long-term durable products should be incentivized over production of shorter-term and shorter-lived products; however, the markets for low grade materials should not be disincentivized to prevent degradation of existing forests and allow for management practices that enhance sequestration.

Expanding wood product markets will require innovation and applied science. DEC and NYSERDA should be funding the **Bioeconomy Development Institute (BDI)** to help expand the production of biobased, carbon free and low carbon products that could readily be deployed in New York. The state should support incentives to drive the scale-up and deployment of high-demand products that can be deployed in the building, manufacturing and transportation sectors. The BDI should also be funded to track low or no-carbon product markets to spot emerging trends, innovation, and growth opportunities.

Legislative Implications

There are a number of legislative proposals that have been or will be proposed to advance New York's bioeconomy while also avoiding deleterious impacts on the bioeconomy that exists today which could

result in leakage of both jobs and greenhouse gas emissions. The following highlights a few of these proposals as outlined in the Scoping Plan.

- **Advanced Codes** – In 2022 New York enacted an **Advanced Energy Efficiency Code** and in 2023 both the Legislature and Governor have proposals for an **All-Electric Buildings Act**. In regard to energy efficiency in buildings and appliances we support the provisions exempting manufacturing and commercial processing appliances and buildings and preferring sector or manufacturer specific consideration. As noted in the Plan the heterogeneous nature of processing and manufacturing makes broad standards and applications difficult to deploy and could have significant economic costs that need to be considered. The Plan also includes suggestions for significant changes to New York’s building codes for energy efficiency and electrification. We hope that in reviewing the building codes and in prospective legislation, the Legislature will look at embodied carbon in buildings and ways in which wood and cellulosic based products can be used to reduce the carbon footprint of building stock.
- **Revised State Procurement Practices/Standards** - The State of New York through OGS, GreenNY, the Dormitory Authority and other agencies responsible for State facilities, offices, structures, etc. takes the lead in demonstrating the use of building with wood and meeting thermal loads with bio-based feedstocks. SUNY research centers focus on bio-based materials and substances for innovation and development that supports future uses of wood and bio-based products that substitute and mitigate petroleum feedstocks. The State could demonstrate and lead in the development and deployment of renewable, sustainable wood usage in buildings and infrastructure by adopting procurement standards aimed at minimizing carbon footprints.
- **Clean Transportation (Fuel) Standard** – ESFPA has and continues to support a Clean Transportation (Fuel) Standard that supports the transition to electrification, provides low-carbon reduced emission alternatives to hard to electrify off-road transportation in agriculture and forestry sectors, and a cleaner transportation alternative to aviation, maritime and extremely heavy land transportation that may not be fully electric. New York State must begin to decarbonize the transportation sector and using a Clean Transportation (Fuel) Standard can achieve this while supporting our agricultural and forest-based economy, localizing sources of fuel within New York, and helping to use our agricultural and forest landscape as a solution to climate change.
- **Extended Producer Responsibility (EPR)** – The Scoping Plan encourages the State to enact and implement legislation in 2023 that creates a broad EPR/product stewardship framework for paper and packaging. We encourage the legislation to focus on packaging and not all paper products. Legislation proposed in 2022, excluded magazines and newsprint and ESFPA encourages the exemption of office paper. In addition, we believe this inclusion would adversely affect New York’s two largest paper producers and potentially lead to leakage of jobs and result in a net increase of greenhouse gas emissions in another state or country. While the Scoping Plan accurately notes that “paper and wood comprise more than a third of the waste stream,” it does not acknowledge the success that paper has had in recovery and recycling of paper. Through existing markets and infrastructure, paper’s rate of recovery and recycling in 2021 was 68%. More than aluminum, glass, and plastic combined. Paper is also unique to any other covered product in that every time paper is recycled, 14% of the paper fibers are lost, necessitating a continuous need to introduce new stronger fiber into the recycling process.
- **Cap and Invest** – The Cap and Invest proposal included in the Scoping Plan has the potential to adversely impact wood product manufacturing in New York. The policy as presented remains pretty high level and we would need to see more specific language to know exactly how this mechanism would work. Generally, the language around Energy Intensive and Trade Exposed

(EITE) industries (like the paper and wood products primary manufacturing sector are) would provide guardrails as to the impacts that pricing could have. But EITE's are not yet defined and how the mechanisms would adjust over time remains unclear. The potential to allocate allowances to EITE industries holds some promise but there needs to be more detail.

New York's forests (urban and otherwise) and durable harvested wood products also sequester around 40 MMT of CO₂e each year and there is an expectation that they will increase their sequestration somewhere towards the goal of 60 MMT CO₂e by 2050. We have questions on how does that privately sequestered carbon, and/or increases in that sequestration, fit into a cap and invest program? How do forest owners realize or wood product manufacturers benefit from that value, if at all? From the Plan, Chapter 4, estimated 2019 gross NYS emission are 379 MMT CO₂e. Net accounting for sequestration reduces net emissions to 338.5 MMT CO₂e, so roughly 41 MMT CO₂e sequestered, of that amount 77% is forest lands. By rough calculation, using the current RGGI clearing price of \$13, existing forest land sequestered at 26.6 MMT CO₂e could be valued at about \$400 million.

Support Applied Research and Innovation

Science is already baked into the New York Climate Scoping Plan, but there is a lot of research and innovation that needs to be undertaken and deployed if we are to reach the articulated climate goals. At the top of NYSERDA's agenda is innovation. We will need to innovate systems, including natural systems like forests, as well as process systems used in manufacturing. More innovation will be needed- for example, in the form of technologies that can pull carbon out of stacks or directly out of the atmosphere.

Research will also be required to provide new systems of verification and accountability in emission reporting and carbon sequestration. Governments and funders also need to support applied research to understand the efficacy and deployment of emerging technologies, and methods to improve removal of carbon and co-pollutants. In the Plan there is support for research and innovation in helping to address climate change. The following are some of the **budgetary implications for research and innovation related to forests and wood product manufacturing.**

- In 2022 the Legislature added \$500,000 of EPF funding for the **Climate and Applied Forestry Research Institute (CAFRI)**. CAFRI is advancing above ground carbon monitoring on forests and agricultural lands to estimate carbon storage and annual sequestration rates with an eye toward projecting how these can change over time and under various management strategies. More funding is necessary to calibrate these models and to expand them into below ground carbon storage and to how products such as biochar can store carbon for long-periods and serve as soil amendments as opposed to fossil fuel fertilizers.
- Be a national bioeconomy leader by addressing innovation and developing a forest based bioeconomy road map. The **Bioeconomy Development Institute** is well positioned to enhance the bioeconomy by working with industry and other partners to convert biologic resources into value-added bioproducts and bioenergy.
- The State should also develop a **Sustainable Biomass Feedstock Action Plan**. As detailed in the Scoping Plan, the selection of feedstock, production methods and end use for biobased products could create highly variable outcomes for greenhouse gas emissions, impacts of forest and

agricultural bioproducts, and the sustainability of forest harvesting. A Sustainable Biomass Feedstock Action Plan would identify feedstock volumes and production methods and locations that utilize New York biomass resources in a sustainable, emissions reducing, substitution maximizing manner that also results in job retention and growth in the forest products sector.

- **Advance Deployment of Net Negative Carbon Dioxide Removal.** Carbon dioxide removal (CDR) pathways create a net negative emissions profile. Net negative CDR provides permanent storage of atmospheric carbon and occurs naturally in our forests. CDR technologies such as biochar derived from agriculture and forest feedstocks also remove carbon dioxide causing net negative emissions. Biochar which is a high-carbon, fine-grained residue that is produced via pyrolysis (not incineration) and show promise for replacement of fly ash in cement. Net negative emissions can occur directly from removing carbon directly from the atmosphere. Carbon capture from the atmosphere or stacks is currently expensive and technologically limited. The State should work with our research institutes at SUNY ESF and Cornell to set up standards, identify CDR technologies and pathways, and identify research and development priorities.

ESFPA appreciates the opportunity to submit testimony on the budgetary and legislative implications of the CLCPA and the final Scoping Plan as it relates to our forests and wood products manufacturing in New York. For questions or more information please do not hesitate to contact:

John K. Bartow Jr.
Executive Director
Empire State Forest Products Association
47 VanAlstyne Dr.
Rensselaer NY 12144
518-463-1297 (office)
518-573-1441 (cell)
jbartow@esfpa.org