

**H.R. 4888,
CABIN FEE ACT OF 2010**

LEGISLATIVE HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL PARKS, FORESTS
AND PUBLIC LANDS

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

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CONTENTS

| | Page |
|---|------|
| Hearing held on Thursday, April 22, 2010 | 1 |
| Statement of Members: | |
| Grijalva, Hon. Raúl M., a Representative in Congress from the State of Arizona | 1 |
| Prepared statement of | 1 |
| Hastings, Hon. Doc, a Representative in Congress from the State of Washington | 2 |
| McMorris Rodgers, Hon. Cathy, a Representative in Congress from the State of Washington, Prepared statement of | 10 |
| Statement of Witnesses: | |
| Almy, Richard D., Cabin Owner, Seattle, Washington | 38 |
| Prepared statement of | 40 |
| Anderson, Geoffrey, President, National Forest Homeowners, Lincoln, California | 24 |
| Prepared statement of | 26 |
| Bailey, Peter D., Director, National Forest Homeowners, Tacoma, Washington | 53 |
| Prepared statement of | 54 |
| Barile, Maureen E., Cabin Owner, Fresno, California | 64 |
| Prepared statement of | 66 |
| Holtrop, Joel, Deputy Chief, National Forest System, Forest Service, U.S. Department of Agriculture | 3 |
| Prepared statement of | 4 |
| Additional materials supplied: | |
| List of information retained in the Committee's official files | 23 |

**LEGISLATIVE HEARING ON H.R. 4888, TO
REVISE THE FOREST SERVICE RECREATION
RESIDENCE PROGRAM AS IT APPLIES TO
UNITS OF THE NATIONAL FOREST SYSTEM
DERIVED FROM THE PUBLIC DOMAIN BY
IMPLEMENTING A SIMPLE, EQUITABLE,
AND PREDICTABLE PROCEDURE FOR
DETERMINING CABIN USER FEES, AND FOR
OTHER PURPOSES. (CABIN FEE ACT OF
2010)**

Thursday, April 22, 2010

U.S. House of Representatives

Subcommittee on National Parks, Forests and Public Lands

Committee on Natural Resources

Washington, D.C.

The Subcommittee met, pursuant to call, at 10:01 a.m. in Room 1334, Longworth House Office Building, Hon. Raúl Grijalva [Chairman of the Subcommittee] presiding.

Present: Representatives Grijalva, Kildee, Napolitano, DeFazio, Insee, Hastings, Lummis, and McClintock

STATEMENT OF THE HONORABLE RAÚL GRIJALVA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. GRIJALVA. Let me call the Subcommittee on National Parks, Forests and Public Lands to order. The subject of this hearing is H.R. 4888, introduced by the Ranking Member, Mr. Hastings, of the Committee.

I have an opening statement that I will submit for the record. Mr. Hastings, any comments?

[The prepared statement of Mr. Grijalva follows:]

**Statement of The Honorable Raúl M. Grijalva, Chairman,
Subcommittee on National Parks, Forests and Public Lands**

The Subcommittee will now come to order. Thank you.

Today we will receive testimony on H.R. 4888, the Cabin Fee Act of 2010. The bill addresses a program that the Forest Service has administered since 1915. The program was so successful that families have passed those cabins down from generation to generation, developing strong local partnerships with the Forest Service.

However, the Recreation Residence Program has come before Congress repeatedly due to concerns raised by cabin owners. Just about 10 years ago, we passed the Cabin User Fee Fairness Act, known as CUFFA, to address the concerns of cabin owners who were upset about rising fees and an unfair appraisal process. Now, we are hearing about similar issues once again. It is my hope that we will be able to find a solution that solves these problems once and for all.

As always, we very much appreciate the time and effort put forth by our witnesses and thank them for joining us today. With that said, I'd now like to turn to Ranking Member Bishop for any opening statement he may have.

STATEMENT OF THE HONORABLE DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. HASTINGS. Mr. Chairman, thank you very much, and thank you for holding a hearing on this bill. It is a bill that I know is critically important to the 14,000 Americans that own cabins in our national forests. And unless we act on this issue, many of those owners may be forced to abandon those cabins that have been in their families for many years.

And I also want to thank Forest Service Chief Tidwell, with whom I met last week, and the Deputy Chief, who is here to testify, for their willingness for the Forest Service to work with us to find a legislative solution to this problem.

The fee schedule spelled out in my bill was crafted to be balanced and fair to both the cabin owners and the Treasury. And I am more than willing to consider additional proposals, as long as they provide a simple, predictable system that does not result in fee increases that are beyond the reach of average Americans. I think that should be the goal for all of us.

A number of my constituents are cabin owners, and I appreciate the input that I have received from them, along with cabin owners throughout the country. They worked together, and they brought this issue to our attention.

Many of the private cabins on Forest Service land are simple, rustic structures. Many were built in the last century by grandparents of the current owners, and they are passed down, of course, from generation to generation.

Although there may be a few that are large and showy, the overwhelming majority of these cabins are modest family retreats. And the purpose of this bill is to keep the fees affordable for these people, who are average Americans, as I mentioned: factory workers, retirees, teachers. But, of course, that won't happen unless we address this problem.

The cabin owners affected by this bill currently are charged an annual fee for the use of the land on which their cabin sits. They don't get ownership rights to the land; they have only a temporary and highly restrictive use permit. So basically what they have is just the footprint for their cabin.

Because of the limited-use permit, it is not comparable to the rights acquired when someone owns property in fee simple. It has proven impossible under current law to establish what I consider to be a fair process for setting the fees charged to these cabin owners; thus, the result of this legislation that I introduced.

There is a story in my state where the Seattle Times talked about a family in Lake Wenatchee, which is in my district, where their fee schedule increased over 1,000 percent, from \$1400 to \$17,000. Well, that is obviously untenable, and fee increases like that, frankly, make it impossible for the cabin owner to even sell their property. And we simply don't want to do that. We want to correct that in a way that, I think, is equitable to all.

When the Forest Service established this policy nearly a century ago, they were trying to promote outdoor recreation. We want to continue that. Our national forests are multiple-use areas. They ought to be. Cabins on that land is part of that.

So Mr. Chairman, once again, thank you very much for scheduling this hearing. And I want to thank again Mr. Tidwell for working with us, and hopefully we can find a solution so this will be predictable in the future.

And with that, I yield back my time.

Mr. GRIJALVA. Thank you very much, sir. Let me ask the Ranking Member of the Subcommittee, Mr. Bishop, if he has any comments.

Mr. BISHOP. No, thank you.

Mr. GRIJALVA. Thank you. Let us begin with our first panelist, Mr. Joel Holtrop, Deputy Chief, National Forest Service, U.S. Forest Service. Thank you, sir, and I look forward to your comments.

STATEMENT OF JOEL HOLTROP, DEPUTY CHIEF, NATIONAL FOREST SYSTEM, U.S. FOREST SERVICE

Mr. HOLTROP. Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today to provide the Department's view of the Cabin Fee Act of 2010.

We have provided written testimony for the record, and I would like to focus my remarks this morning on the benefits and the challenges of this bill.

First of all, the benefits. Clearly, reduced appraisal costs for the Forest Service, and reduced administrative burden for the Forest Service. And that is a significant advantage of this bill.

There is also, as Representative Hastings mentioned, a certainty for cabin owners is a key positive aspect of this bill. And we recognize those, and do look forward to continuing to work with you to come up with a solution that also addresses some of the concerns that I will mention in a moment, as well.

And I also want to express my appreciation for the financial burdens that some cabin owners may face as a result of the implementation of the Cabin User Fee Fairness Act of 2000 that Congress passed.

And I want to acknowledge our appreciation to the cabin owners, as well. They do bring lots of benefits to the National Forest System. They bring benefits such as volunteer services. They bring benefits such as economic benefits to local communities. And they bring benefits of connecting people to their natural world, and from generation to generation. Those benefits are considerable; they are important to us as an agency, and to us as a society; and we appreciate that very much.

However, I also want Congress to understand that without a fee system that approximates market value, we will continue to see large profits from the sale of cabins, where cabin owners are in reality selling the value of the underlying lot. And we, the American people, own these lots, and not the cabin owners, as has already been mentioned.

We do welcome the opportunity to work with Congress to develop a bill that is fair to cabin owners, the taxpayer, to users of the national forests, and can be administered without undue burden.

I would like to just briefly mention five aspects of the bill that we have either concerns or suggestions about.

One is we would like to create one fee system for the entire National Forest System, not a fee system just for that portion of the National Forest System that has been derived from the public domain in another fee system for acquired lands.

Second, we would like to have the consideration of perhaps increasing the fee amounts within each of the categories that are in the bill, as well as maybe adding to the numbers of categories in the bill, in order to better reflect markets. If fees, again, are below market value, cabin owners will be selling National Forest System lands when they sell their cabin.

We would like to consider the elimination of the transfer fee for a couple of reasons. One, it would be administratively difficult for us to track the sales, and could be adding to a cumbersome administrative process.

And, third, it also assumes that there is a value in the sale beyond the value of the cabin itself in the transfer fee. And again, if the fees approximate market values, then we would not have to be worrying about the transfer fee.

I also would like to recognize and understand the administrative cost of administering this program. As Representative Hastings said, there are over 14,000 cabin owners, and we recognize that those cabin owners visit the forests many times in a year, and visit the forests with friends and family. So there are maybe as many as five million visitors that are associated with the cabin users.

The National Forest System accommodates 175 million visits a year, and the cost of us administering the Cabin User Program is over 5 percent of our recreation budget. In the State of California it is over 15 percent of our recreation budget. And on the El Dorado National Forest alone, it is one third of our recreation budget. The El Dorado is in California.

Fifth, I would like to recognize and understand the need for us to study the management of a very limited number of these recreation parcels or groups of parcels that may have lost their national forest character over time because of their proximity to neighboring subdivisions on private land, or for other reasons.

And again, let me express there are certain advantages to this bill, such as reduced appraisal costs being a primary one, and certainty for the cabin owner another. And we do look forward to continuing to work with the Committee on adjusting to the concerns that I just raised, and some other technical changes that we would like to discuss.

And I want to work with the Committee to develop a bill that is fair to the cabin owners, that is fair to the American people whose lands these cabins are on, and does not cause an undue burden for either the Forest Service or for the cabin owners.

This concludes my statement. I will be happy to answer any questions that you may have.

[The prepared statement of Mr. Holtrop follows:]

**Statement of Joel Holtrop, Deputy Chief, National Forest System,
U.S. Forest Service, U.S. Department of Agriculture**

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today to provide the Department of Agriculture's views on H.R. 4888, the Cabin Fee Act of 2010. The Department appreciates the over 14,000

cabin owners across the country and the recreational experiences they enjoy on the National Forests and Grasslands.

H.R. 4888 would revise the procedures for determining the amount an owner of a cabin on the National Forests must pay to lease the underlying public property. The Department appreciates the financial burdens that some current cabin owners may face as a result of the Cabin User Fee Fairness Act of 2000 (CUFFA). However, H.R. 4888 presents challenges that I will discuss in further detail. The Department welcomes the opportunity to work with Congress to create a bill that is fair to cabin owners, other users of the National Forests, and the taxpayer, and that can be administered without undue burden on the agency or cabin owners.

The bill would replace CUFFA on National Forest System lands reserved from the public domain. It would create five payment tiers, or categories and provide for an additional payment on the sale or transfer of the cabin. It would require the agency to place cabins in five categories utilizing appraisals that would be in place at the time of enactment. CUFFA would remain in place for cabins on acquired National Forest System lands.

Before describing the challenges of this bill, it is important to consider the history of this program. In the early part of the twentieth century, the Forest Service began introducing Americans to the beauty and grandeur of their National Forests. One way to accomplish this objective was to permit individuals to build cabins for summertime occupancy within the National Forests. Cabin owners were permitted to occupy NFS land during the summer months in exchange for a fee. In 1915, the agency began to issue permits of up to twenty years for occupancy of NFS land. At that time, there was relatively little recreational use of the National Forests. Today, the National Forests host over 175 million visitors per year. When this recreational cabin program began, there was limited interest in building and owning a remote cabin on NFS land. Today, similar land at ski resorts, near lakes, and remote mountain settings are highly prized, selling for prices beyond the means of many Americans. In the early years, fees were nominal, but since the 1950's, the Forest Service has been mandated to obtain fees approximating market value for the use of NFS land. Increasing fees have led to controversy and have resulted in enactment of multiple fee moratoriums and caps over the years. CUFFA was the latest attempt to achieve an equitable fee for the use of National Forest System land.

CUFFA prescribes parameters for the appraisal process and fees under CUFFA are based on five percent of the appraised market value of the lot under permit. The agency began the appraisal process pursuant to CUFFA in 2007, and will be continuing that effort through 2012. As cabin owners received notice of the new fees, some have experienced dramatic increases because the old fees were based on appraisals completed ten to thirty years ago. In response, Congress included appropriations language for FY2010 which limited fee increases to no more than 25% of the fee paid in calendar year 2009.

There are a number of examples of families who have had cabins for generations, but are having difficulty paying the new fees. However, there are also examples where low annual fees in the past have led to significant financial gains when cabin owners have sold their cabins for significantly more than the value of the structure, essentially benefiting from a lower than market value for their use of public land. When this occurs, cabin owners are, in effect, selling the location of their cabin, which is owned by the American people. Some cabins have sold at a premium price, only to be torn down by the new owner and replaced with a new structure.

Here are our concerns with the bill as written:

Different Fee Systems

The bill applies to cabins on National Forest System lands reserved from the public domain which is the status of NFS land in much of the western US. However, the National Forest System also consists of lands acquired from other ownerships. Most of the eastern and mid-western National Forests are comprised of acquired lands. We estimate that seven to ten-percent of the estimated 14,000 cabins nationwide would be on a different fee system. To simplify the process and reduce the administrative burden, the Department requests that the same fee system apply to all cabins on all National Forest System lands.

Fee Amount: Our analyses indicate that many of the proposed fees are less than those which would be paid under current law and below market value for many of the lots. As previously noted, fees below market value can lead to windfall profits when cabins are sold, as the sale prices will reflect the value of the locations as well as the value of the cabins. When the buyer of a cabin knows he or she will be paying market value for the location, prices tend to reflect only the value of the structure being conveyed. To reduce the likelihood of these profits, the proposed fee schedule

should include additional tiers or the fees within the tiers of the draft bill should be increased. Projections indicate that expected receipts under CUFFA are significantly more than that which H.R. 4888 would generate. In addition, to reduce the administrative burden of billing or reimbursing fees due to changes in the fee estimate, the Department requests that appraisals be updated as scheduled and in place prior to implementation of any new fee legislation.

Additional Transfer Fees: H.R. 4888 requires the Department to verify the price at which these private cabins are sold and subsequently obtain a payment based on a percentage of the sale. The Department is concerned about the administrative challenges of obtaining this information, which in many localities is not public information, and collecting additional fees which creates an additional administrative burden.

Cost of Administration: We appreciate that the bill acknowledges the financial burden on the agency. Under CUFFA the Department estimates that the annual cost of administering is from \$500 to \$700 per cabin plus approximately \$1 million per year for appraisals. In California the administration of this program accounts for over fifteen percent of the total recreation budget. On the El Dorado National Forest, one third of the recreation budget is spent administering this program. While there are some 14,000 cabin owners, there are 175 million visitors to the National Forests each year. H.R. 4888 would reduce the administrative burden by eliminating the need for appraisals. This would increase the availability of funding in the recreation budget for the Forest Service to provide a quality experience and protect the environment for all who use the National Forests.

Need to study cabin lots that may have lost their National Forest character: Over time, occupancy of some "summer" cabins has evolved into four-season use, particularly those located on the periphery of the National Forests. While year-round use remains contrary to agency policy, administration of these cabins can become more complex as owners desire typical public services found in residential subdivisions; such as electric, phone, cable, and sewer. In addition, their proximity and similarity to neighboring private subdivisions, suggests that some of these lots may have lost their National Forest character. The Department would like the opportunity to study this issue more carefully and to consider options to more effectively manage these areas.

Technical Changes: Additionally, there are a number of additional technical suggestions which we would like to share with the Committee.

That said we acknowledge that there are advantages to this bill from an administrative perspective. It would reduce the agency's appraisal costs and it would provide certainty for cabin owners in terms of anticipated fees. Again, we welcome the opportunity to work with the Committee to develop legislation that is fair to the taxpayer, the cabin owner, and other users of the National Forests and Grasslands, and can be administered without undue burden on the agency or cabin owner.

This concludes my statement and I would be happy to answer any questions you may have.

Mr. GRIJALVA. Thank you very much, Mr. Holtrop. Let me, back to the cost issue that you mentioned in one of the five areas that you felt needed change or consideration.

First of all, how much does it currently cost the Forest Service to administer the residency program? And when CUFFA is fully administered, can you tell us approximately how much money the Forest Service expects the program to generate?

Mr. HOLTROP. Yes. The answer to the first question is, we estimate an approximate cost of between \$500 and \$700 per cabin per year for us to administer the program. And at 14,000 cabins, that is between \$7 and \$10 million a year.

And then, in addition to that, under the Cabin User Fee Fairness Act, the appraisal cost is approximately, maybe \$10 million every 10 years, and so maybe another million dollars a year for that. So somewhere in the \$8 to \$11 million-a-year range to administer the program.

Under CUFFA, our anticipated revenues that the program would generate through the Treasury would be between \$40 and \$45 mil-

lion. That is based simply on, we have, we have already done the appraisals on approximately 8,000 of the 14,000 residences. If the same average value amount were in place for the remaining 6,000, that would add up to an annual income of around \$40 to \$45 million.

Mr. GRIJALVA. And if the Forest Service is opposed to an additional transfer fee, how do you recapture value? How would the Agency, what would you recommend, how are we capturing value if there is opposition to the transfer fee?

Mr. HOLTROP. I think the way for us to capture value is to establish a fair market value, establish the percentage of that fair market value, which under CUFFA is 5 percent, which was established, and charge a fee for the permits that approximates market value. And that should generate the types of funds that are appropriate.

Mr. GRIJALVA. Mr. Hastings pointed out the one example of the 1,000 percent fee increase. About what percentage of the cabin fees right now are more than \$6,000 a year?

Mr. HOLTROP. I do have a chart that shows. And again, this is based on the approximately 8,000 of the cabins that have been appraised under CUFFA to date.

Those that are, what was the question, over \$6,000?

Mr. GRIJALVA. Yes. What percentage?

Mr. HOLTROP. Those that are over \$6,000 is approximately 10 percent.

Mr. GRIJALVA. OK, thank you. Mr. Bishop.

Mr. BISHOP. Can I yield to Mr. Hastings first?

Mr. GRIJALVA. OK. Mr. Hastings.

Mr. HASTINGS. Thank you. And Chief Holtrop, thank you for your testimony.

I just wanted to clarify. I am inferring from your testimony that you don't necessarily, you know, oppose the fee structure. But one of the concerns is, my words, the revenue neutrality. In other words, you don't want it to cost any more. If we can figure out a way, with this fee, to make it revenue-neutral, that would be a win-win for both sides. Is that essentially correct?

Mr. HOLTROP. That is correct. But I am also interested in having the fee structure represent a fair market value.

Mr. HASTINGS. I understand that. And you are going through that process. You have what, roughly three fourths or just about three fourths of the appraisals done?

Mr. HOLTROP. Sixty percent, approximately.

Mr. HASTINGS. Sixty percent, roughly, OK. Just a question. With the real estate market going down, have you seen a change in the appraisals here, the current appraisals compared to, say, ones that were done a year or so ago?

Mr. HOLTROP. I would expect that there is some reflection of that, over time.

Mr. HASTINGS. OK. Well, that is going to be the challenge, is trying to figure that out. Because you have to have a starting point. And once you have a starting point, I think that everything hopefully, at least with the idea that we had with this, the tiered system, will, in the future, level itself out, you know, with sales and so forth. And we can work with you on that.

Mr. HOLTROP. Thank you. And I also think having a starting point that is, that is fair and makes sense. And right now, those cabins that have not been appraised under CUFFA, some of those appraisals go back to the early 1980s. And so that is one of the technical corrections that we want to work with you on, as to how to make sure that we don't have a tier system that is based, on some cases, on a value that is a couple of decades or more old, and some that are based on values that are a couple years old.

Mr. HASTINGS. Yes, I agree with you. But I will make a prediction that when we go through that process and finally come up with something, there will be some that will be upset.

Mr. HOLTROP. That is probably a very safe assumption.

Mr. HASTINGS. Grace just said that is not going to be the case, so I hope that is good.

And finally, I just want to ask this. The Forest Service has no intention of shutting down this program at all; that was never the intention.

Mr. HOLTROP. That is absolutely correct.

Mr. HASTINGS. OK.

Mr. HOLTROP. We value this program. Like I mentioned, we value the volunteer services that the cabin owners provide for us in the locations of the cabins, and beyond those locations. We value the economic benefits that they bring to communities. And we value the way that they are, that is one of the ways that the National Forest System is helping the American public become connected to their natural world. We value that.

There are some of the cabin lots and combinations of lots that may have lost their national forest character, and we want to look at whether there is some appropriate other way of dealing with that. But that in no means is indicative of a desire to do away with the program.

Mr. HASTINGS. Good. Well, I appreciate that. I just wanted to get that on the record so we are sure. Because as I mentioned in my opening remarks, this is nearly a century-old program. And clearly, at least hearing from my constituency, it is a program of those that have those cabins, and the fact that they are passed down, many of them, from generation to generation, it certainly demonstrates that there is some value to that. But I just wanted to get to clarify that.

Thank you very much. I appreciate your being here.

Mr. HOLTROP. Thank you.

Mr. HASTINGS. I yield back.

Mr. GRIJALVA. Thank you. Ms. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chair. And I am listening with a great interest.

What is the number of cabins that you normally have leased out, roughly?

Mr. HOLTROP. About 14,000 on the National Forest System as a whole.

Mrs. NAPOLITANO. Fourteen thousand. Of those six are over the 10 percent of that 6,000?

Mr. HOLTROP. Approximately 10 percent of those 14,000 would likely be paying an annual fee of \$6,000 or more per year. That is based on the 8,000 that we have appraised to date.

Mrs. NAPOLITANO. A lot of these—and I am listening to Doc Hastings—indicated that a lot of these are handed down generation to generation. Are they grandfathered in terms of being able to pay? Or is this a standard fee that you impose based on location, based on area, whatever?

Mr. HOLTROP. Yes, that is an excellent question. Ever since the 1950s we have been required to be charging for the permit, and it is based on an appraisal of the land value.

Mrs. NAPOLITANO. OK.

Mr. HOLTROP. And so we are, we appraise the land. We contract with certified appraisers who do the appraisal process of the land.

And what CUFFA accomplished in 2000 was updating an appraisal process. And up until we started implementing the appraisals under CUFFA, the fees were being based on appraisals that were done in the 1980s, to a large extent.

And so now, with the new appraisals, in many cases, of course, the fees are going up, and in some cases they are going up dramatically.

Mrs. NAPOLITANO. Then none of these are grandfathered in terms of payment of the lease?

Mr. HOLTROP. They are passed on, the permit is passed on from family to family, generation to generation.

Mrs. NAPOLITANO. But not the amount paid for the lease.

Mr. HOLTROP. But the fee is something that we—

Mrs. NAPOLITANO. Is standard.

Mr. HOLTROP.—determine based on the current law of the land.

Mrs. NAPOLITANO. OK. I understand the upkeep and the maintenance is up to the lessor. I mean, the lessee. Are any of those being checked to ensure that they are maintained at least to some degree of viability, in case of fire or—you understand.

Mr. HOLTROP. Yes, I do. That is a condition of the permit, and that is part of the cost of administering the program that, in answer to the Chairman's question, I was talking about.

We approximate between \$500 and \$700 per year per cabin to administer the program. Part of that administration is visiting the cabin, checking on the compliance with things.

Mrs. NAPOLITANO. How often?

Mr. HOLTROP. Pardon me?

Mrs. NAPOLITANO. How often?

Mr. HOLTROP. Well, it depends on, it depends on, it is location-specific. We generally have an expectation that at least once a year a Forest Service officer will visit a cabin to check on it. Whether that is accomplished in all cases, I am unable to say for sure. But in many cases, I think it happens far more often.

It is somewhat dependent upon whether the owner of the cabin is proposing some adjustment, whether they want to add a deck or upgrade a driveway or something like that. That requires far more visits than somebody who is just, that is just maintaining the status quo over time.

Mrs. NAPOLITANO. Now, are these individual grandfathered residents of those cabins able to sublease to others that are not descendants?

Mr. HOLTROP. No.

Mrs. NAPOLITANO. Sublet? Rent?

Mr. HOLTROP. There is some limited amount of—

VOICE. Depending on the region, there is some ability to, in the short term—

Mr. HOLTROP. There is some limited short-term opportunity to do some subleasing. But generally, that is not the purpose of the—

Mrs. NAPOLITANO. Do you have a percentage, approximate percentage, of those? No?

Mr. HOLTROP. I certainly don't. And I don't think we can provide that right now, but I would be happy to look into that and get you an answer.

Mrs. NAPOLITANO. Right. Because if they are subleasing, they are asking for more money than they are paying.

Mr. HOLTROP. I don't have information to either deny or agree with that. And I think it is a fairly limited—

Mrs. NAPOLITANO. It would be nice to know, Mr. Chair.

Mr. HOLTROP. I will get you the information.

Mrs. NAPOLITANO. Thank you so very much. Then, I am just barely—how is the revenue currently used? And what adjustments would have to be made if this is enacted and costing the program to generate the \$20 million less?

Mr. HOLTROP. If the question—

Mrs. NAPOLITANO. The revenue.

Mr. HOLTROP. It is a question of the fees from CUFFA?

Mrs. NAPOLITANO. Right.

Mr. HOLTROP. The fees from CUFFA go to the Treasury.

Mrs. NAPOLITANO. OK. Would that cause any problems for the—well, then you get your revenue from the Treasury.

Mr. HOLTROP. Yes, we get it through Appropriations.

Mrs. NAPOLITANO. Thank you, Mr. Chair.

Mr. GRIJALVA. Thank you, Mr. Bishop.

Mr. BISHOP. Thank you, I appreciate it. I think the hearing so far has—first of all, may I ask unanimous consent to have a statement from Congresswoman McMorris Rodgers submitted to the record?

Mr. GRIJALVA. Without objection. Thank you.

[The prepared statement of Mrs. McMorris Rodgers follows:]

**Statement of The Honorable Cathy McMorris Rodgers,
a Representative in Congress from the State of Washington**

I would like to thank the Ranking Member, Mr. Hastings, for his work on this issue. When the U.S. Forest Service's Recreation Residence program was established almost 100 years ago (1915), it was intended to allow American families to enjoy our nation's treasures for years to come. In fact, there are more than 14,000 cabin owners from all walks of life enjoying our national forests today. Yet, many of them face the real possibility of having to sell or abandon their cabins because of unpredictable fee increases. H.R. 4888 will bring stability to the appraisal process and ultimately to the calculation of annual fees for these cabin owners.

Yet, there is a related issue that is not addressed by H.R. 4888 and that is the calculation of fees for cabin owners leasing land from the Bureau of Reclamation. Similar to the disparity in cabin fee increases on forest service land, many cabin owners on reclamation land are facing steep fee increases. For example, in Eastern Washington, cabin owners on Lake Conconully have been subjected to what seems to be discretionary fee increases over the years, with fees rising from approximately \$700 to anywhere between \$1,800 and \$3,300 annually. For many of the older fixed income folks, these increases will be devastating.

Of particular concern is the lack of uniformity in calculating fees. For example, the Bureau of Reclamation manages approximately 500-600 cabins in 10-15 sites around the west. It appears that these fees are calculated using the fair market

value of adjoining property. However, at Lake Conconully, fees have been calculated using the fair market value of adjoining agricultural property. Moreover, in addition to the properties specifically managed by the Bureau, the Bureau has also entered into an unknown number of agreements that authorize entities to manage property. These managing partners in turn rent to cabin owners. It is my understanding that these managing partners have the ability to enter into their own agreements with cabin owners, including setting their own fee structures. The disparity in fee calculation across the nation is concerning.

I would like to work with the Ranking Member to address this fee disparity on reclamation land as H.R. 4888 moves forward.

Mr. BISHOP. Thank you very much. I think there are two things I have learned so far. Number one is, I am grateful my in-laws have a cabin, even though I don't use it very much; and I am grateful they did it on private land.

Number two, I am grateful I was not——

[Laughter.]

Mr. BISHOP. I am grateful I was not here when CUFFA was passed, so I don't have to bear that burden.

I would like to ask you for some documents. Not that you have any I want, it is just, it is tradition. So if you can get me a document some time, that would be kind.

Mr. HOLTROP. I would be happy to oblige.

Mr. BISHOP. All right. Let me ask two serious questions, though, if I could.

You stated that the administrative cost was \$500 to \$700 per cabin. Does that include the appraisal cost, or is that outside of the other appraisal cost?

Mr. HOLTROP. That was just the yearly administration. It does not include the appraisal cost.

Mr. BISHOP. So the appraisal cost is approximately about \$10 million every 10 years, under CUFFA. What is it that you do that costs \$500 to \$700 per year per cabin?

Mr. HOLTROP. We visit the cabin on an annual basis. We have conversations with the cabin owners about any improvements that they want to make to the cabin, to make sure that those improvements would continue to be consistent with the permit. And the objectives of the permit is largely to make sure that the, that the lots, the several lots together will continue to have national forest character. And so we are, so it is the on-the-ground administration of the permit.

There is the issuing of the permit. There is the issuing of the bills for the permits. There is the response to cabin owners if they have an objection to the permit fee, et cetera.

Mr. BISHOP. Could I make the assumption that there would be administrative cost savings if they were no longer faced with constant appraisals, reappraisals, legal challenges? Would there be an actual savings that would occur to the Forest Service?

Mr. HOLTROP. I do see one of the advantages of this, of the proposed bill as reducing our costs for appraisals over time, yes.

Mr. BISHOP. And I do appreciate your willingness to work with Congressman Hastings to move this forward and work out some of these details. I think that is very positive, and I appreciate that very much.

When the appraisal, as you said, it is only on the land; it is not on the value of the cabin, per se.

Mr. HOLTROP. That is correct.

Mr. BISHOP. And therefore, you have to come up with a fair market value on the land. Can I ask, because appraisal is as much art as it is science. And it is based on what has sold in other areas very close to it, at least if you are going into the private sector and appraising a house.

What is the base line that you use to make the assumption of fair market value when you are dealing with the Forest Service, and there is no private sector competition for that particular piece of land? How do you make the base assumption of what is a fair market value for a piece of property within government-owned land?

Mr. HOLTROP. First of all, I am not a land appraiser myself. But we do contract with certified land appraisers who, the process that they go through, as I understand it, is they look for comparable lots that have sold in the area. In some cases that is actually quite easy to do, and there are comparable lots. And in other places it is—

Mr. BISHOP. Comparable lots within the Forest Service?

Mr. HOLTROP. No. Outside of the Forest Service.

Mr. BISHOP. I am sorry, I interrupted you.

Mr. HOLTROP. Yes, I believe that is correct. I am looking at our chief appraiser to make sure I said that correctly.

VOICE. Whatever is the closest you can find to be competitive.

Mr. BISHOP. Are there any inside the national forests as comps?

VOICE. Well, certainly within the bounds of the national parks, yes.

Mr. BISHOP. But private land-only comps. And you feel comfortable that is an apples-to-apples comparison? Or is there obviously going to be some kind of dissidence between public land versus private land?

Mr. HOLTROP. Well, there are, I think I am comfortable that it is consistent with current appraisal processes in many settings. And I think it is, I think what CUFFA also includes is, if there is a dissatisfaction with the appraisal amount, it can be appealed, and we will look at an independent appraisal other than the one, the appraiser that we contracted with.

Mr. BISHOP. I understand—that is not quite what I asked, but I do appreciate this, as my time is running out here, and I am not going to extend it. I do appreciate your willingness to move forward on this legislation and try and work out some of these details.

Thank you, sir.

Mr. GRIJALVA. Thank you. Mr. Costa, any questions?

Mr. COSTA. Yes. Thank you, Mr. Chairman, for allowing me the privilege of sitting in with the Subcommittee and the Ranking Member. This is an issue that, in various parts of the West, I think has significance. And the legislation that I am a co-sponsor with, with Doc Hastings, I think is an attempt to try to clear up what has been problematic for the 14,000 cabin owners in the West who—not just the West actually. There are some other parts of the country, as well, that are on public lands, that go back to 1915.

Cabin owners have always I think strived to get back to their communities on the forest lands in which their cabins are, to help preserve the national forest where their cabins lie. And I know that in California, which is what my experience is, the cabin owners

have provided a great deal of time and effort to volunteer activities that include volunteer fire departments, museums, and other voluntary efforts to work with enhancing the forest that not only they and their families and friends use, but that the public uses. Because oftentimes there are adjacent campgrounds that the public uses.

I would like to get in a couple of questions here in my time, with our first witness. And we appreciate your input as to how we can make this measure work and have the support of the Administration.

The tier system that we have set up in the bill I think frankly is something that we can all work on. Does the Forest Service see the benefit of maintaining the cabin program? I guess that is the first threshold question.

Mr. HOLTROP. Absolutely, we do.

Mr. COSTA. Wonderful. So do I. Are there additional changes to the program that you would like to see occur beyond what we have outlined in our bill and in your testimony?

Mr. HOLTROP. Just some technical improvements that aren't outlined in detail in my testimony. But the improvements, the changes that we would like to see are included in the testimony.

Mr. COSTA. Could you, and when you provide that technical information, also inform us on how the cabin owners can be helpful to the Forest Service in making this program work, and on an ongoing basis?

I think that what has happened with the original Act and the lack of implementation in an orderly fashion has created a whole lot of frustration, and in some cases, deep concern that cabins that have been in families for generations are going to be lost. These are not palatial homes; these tend to be, at least in California, from my experience, rustic and modest, but yet a wonderful place to go and to experience the outdoors.

Mr. HOLTROP. I would be happy to continue to work on identifying how the owners of these cabins can continue to help serve our national forest mission. And I agree with what you are saying.

Mr. COSTA. Many of the cabin owners have indicated that as the current fee structure moves forward, they will have to look to sell or abandon their cabins. Do you have any anticipation of permits that the Forest Service believes might be lost under the current structure?

Mr. HOLTROP. I don't have any specific information on this. I do know that the National Forest Homeowners Association has done a survey of their membership, and I would defer to their information.

Mr. COSTA. They think 5 percent to 10 percent is what I have heard, or more. That could be a loss of \$8 to \$9 million in revenue. So, and the appraisals my colleague and friend from Utah I think centered in on. I mean, I think that is a problem, and we hope to facilitate this.

You have indicated in conversations that I have had with you that the appraisals are a problem. Is that not the case? Time-consuming?

Mr. HOLTROP. The appraisals, they are time-consuming. As Mr. Bishop's questions indicated, they are controversial in many cases.

But I do believe that some establishment of fair market value before—

Mr. COSTA. No, we need to do that.

Mr. HOLTROP.—the system is in place—

Mr. COSTA. I don't think there is a disagreement there. If we expanded it beyond the five tiers to a sixth and seventh tier, do you think that would be more helpful?

Mr. HOLTROP. I do.

Mr. COSTA. You do, OK. What percentage I guess in how we meet a happy medium or a comfort zone is, have you given that some thought since our last discussion?

Mr. HOLTROP. Yes, we have, both since our last discussion and in preparation for this hearing, and in ongoing conversations with the National Forest Homeowners Association.

Mr. COSTA. And are you prepared to provide that information?

Mr. HOLTROP. Well, I think, if I am understanding the question—

Mr. COSTA. Or you did before I got here?

Mr. HOLTROP.—things like additional tiers and understanding—maybe you should repeat the question. I might not be catching what it is you are asking.

Mr. COSTA. Well, what I am trying to do is to figure out if we go from five—my time has run out—but if we go from five tiers to six or seven tiers, what the percentage or the breakdown, in terms of finding that happy medium, would be.

Mr. HOLTROP. Yes, yes. We have done analysis of what that would be, how much, what the value of different tiers in order to have something in which the cabin owners would not have to pay significantly more than they would under CUFFA.

Mr. COSTA. And make it pay-go neutral on that?

Mr. HOLTROP. We are continuing to work on that. And yes, we have some information we can share.

Mr. COSTA. Mr. Chairman, thank you for allowing me the time here. And I appreciate working with your Subcommittee, and I think this is an opportunity to put together a bipartisan bill that can fix this problem.

Mr. GRIJALVA. Thank you, sir. Mr. Inslee, any questions?

Mr. INSLEE. Yes, thank you. Do you think the goal of the tier, if we go to a tier system for its administrative convenience, should the goal be to come as close as possible to fair market value? Should that be the goal?

Mr. HOLTROP. I think that ought to be one of the goals, yes.

Mr. INSLEE. So right now, under Mr. Hastings's proposal, it has tier five, and it would have a fee amount of \$4,000 per year. How would that relate to fair market value the way this is set up?

Mr. HOLTROP. I think in a vast majority of cases, that might be sufficient. However, I believe that there are some lots in which fair market value is considerably more than \$4,000, and that is part of the rationale of providing for additional tiers that may go up to maybe as much as \$6,000.

Mr. INSLEE. So it is just a matter of the more tiers we have, the more difficult it will be, but the closer it will be to fair market value, I guess.

Mr. HOLTROP. Well, I am not, I think the closer it will be to fair market value, and the closer we will be able to be fair to each of the cabin owners that somebody is paying similar amounts of money for similar right on a similar property.

Mr. INSLEE. So you would suggest consideration of more tiers to be closer, then, I take it? Closer to the fair market value?

Mr. HOLTROP. That is correct.

Mr. INSLEE. OK. And when you told us that there is a per-cabin administrative cost of \$500 to \$700 annually, would that continue with this tier system? If we have a tier system, would that expense continue?

Mr. HOLTROP. Yes.

Mr. INSLEE. Why?

Mr. HOLTROP. Because that expense is just the annual process of managing the program and managing the permits. So it is visiting the sites, administering the sites to make sure that the cabin is being maintained in a manner that is consistent with the permit. It is the billing process. It is the issuing of the permits when there is a change in property. There is the paperwork that is associated, that we have to do in the changing permits, et cetera.

Mr. INSLEE. You actually make annual visits to all these cabins?

Mr. HOLTROP. That is, that is our expectation. I can't tell you for sure that we do, but you know, many of the cabins are in locations in which there are hundreds of them together in one subdivision-like area. So in a short number of days you can visit numerous cabins, and ensure that there is a lot of consistency in a short period of time.

Again, as I was mentioning earlier, the circumstances are different, depending on whether the cabin is just being maintained on a regular basis and there are no changes; or if there is work that needs to be done on the property around the cabin; if the cabin owners are looking at adding a deck, or wanting to put a new roof on, and there are aspects of those activities that we have to make sure that it is being done in a fire-resistant manner and continues to be consistent with the national forest character.

Mr. INSLEE. So if you look at the total cost of this program compared to total revenues right now, what is the net for the Forest Service?

Mr. HOLTROP. Well, the revenues for the program under CUFFA, we don't get revenues from the program. That goes to the—

Mr. INSLEE. Well, I am talking about the Federal government. Is there a net positive for the Federal government on this? Considering the expenses associated with the program.

Mr. HOLTROP. Yes, yes. I estimate the cost to administer the program on an annual basis to be between \$8 and \$11 million. And the benefits that come from, if we were to implement CUFFA, the benefits, the value to the Federal government would be in the \$40 to \$45 million range. Based on current amount of appraisals done.

Mr. INSLEE. And with the tiers as the bill is currently structured, could you suggest, are these tiers, you know, basically the average fair market value? Or are they, if you add them all up, are they lower than the current fair market value, or higher? What is your sort of assessment of the numbers?

Mr. HOLTROP. I think at the low end of the tiers, they are consistent with fair market value. I think at the high end, under CUFFA we have some, as has been mentioned, there are some properties that the value of the property is appraised considerably higher. There was one example mentioned today where the annual fee would be \$17,000. There are a few anomalies like that.

The number of fees that are greater than \$10,000 is a very, very small percentage of the cabins. But there are like 10 percent of the cabins that would appraise at \$6,000 or more on an annual fee basis.

Mr. INSLEE. Thank you. And I love the pin you are wearing in your lapel there; it looks pretty good this morning.

Mr. HOLTROP. Thank you. Would you like one?

Mr. INSLEE. Happy Earth Day.

Mr. HOLTROP. Thank you.

Mr. INSLEE. Happy Earth Day, and thanks for your work.

Mr. HOLTROP. Thank you very much.

Mr. INSLEE. You know, and I hope that we can pass a Clean Energy Bill this year so that we have a few trees left in our national forests, and the beetles don't kill them all. I really hope that we get that job done. Thanks a lot.

Mr. HOLTROP. Thank you.

Mr. GRIJALVA. Thank you, sir. Ms. Lummis, any questions?

Ms. LUMMIS. Yes, Mr. Chairman.

Mr. GRIJALVA. Thank you.

Ms. LUMMIS. It looks to me like the Forest Service and the cabin owners might be using two different assumptions to reach their conclusions about financial implications of the CUFFA bill.

The cabin owners are assuming that there will be abandonment if CUFFA continues unmodified. So my question is this. What assumptions on continued cabin ownership did the Forest Service use in its projections of receipts under CUFFA?

Mr. HOLTROP. In our projections of receipts, we assumed that all the cabins would continue to be under permit. We did not assume any abandonment.

Ms. LUMMIS. OK, that is helpful. That helps explain some of the differences.

The cabin owners have assumed a loss of 15 percent of total cabins if CUFFA is not modified. Does the Forest Service have procedures in place to handle cabin abandonment in the event that the cabin owners are correct, and 15 percent of those cabins would be left? And if so, what is the cost to deal with abandonment, to the Forest Service?

Mr. HOLTROP. We do have policies and procedures in place to deal with abandonment. I don't know off the top of my head, and would be happy to do some checking to be able to answer the question about what would be our projected cost of abandonment.

There are various—if the assumption is, and again, we are not aware of any abandonments that have occurred under CUFFA. But we have not sought that out. I do defer to the Homeowner Association's work with their membership to determine that.

I think there are, if a family gets into the unfortunate circumstance where they can't afford the fee—and again, I consider that an unfortunate circumstance, for sure. But if that were to be

the case, abandonment, of course, is not their only option. Selling the cabin is another option. And I do recognize that this is a difficult market to sell second homes in, both whether those are on the national forest or elsewhere.

Ms. LUMMIS. Thank you. Mr. Chairman, one more question. The appraisal process takes five to seven years, and must be redone every 10 years, according to existing law. It seems to me that completion of the appraisal timeline would subject some owners to the higher fees, awaiting completion.

If that is the case, we would still need to issue reimbursements. So my question is, how quickly after completion of an appraisal is the owner subject to paying the new fee?

Mr. HOLTROP. It is within a year, in the next year. That is the fee that we charge, based on the appraisal. Now, but that is subject to a couple of opportunities that CUFFA provides the cabin owner to appeal and seek an independent appraisal. And so that would put that in abeyance while that goes on.

Ms. LUMMIS. Would it be possible to simply freeze current fees until the appraisal schedule is complete? And then assign owners into the appropriate tiers that are outlined in the bill?

Mr. HOLTROP. That would require, that would require legislation, in my opinion, in order for us to do that. There are a couple of aspects of the freezing of that I would be concerned about, just to point out.

One is it would continue the reliance on, for many of the cabins, on appraisals that were based back in the 1980s. And at some point in time when we have a more recent appraisal that is more reflective of the current market value, the longer the period of time from when the previous appraisal was to the newest appraisal, I think it is just going to exacerbate the change in fees over time.

And then the second aspect of a freeze at this point is recognize that approximately 8,000 of the 14,000 lots have been appraised under CUFFA. That means 6,000 haven't. And if there is a freeze on the current appraisal aspect, we would have some that, there would be, we would be freezing in place some discrepancy between those cabin owners that have had their appraisals already done under CUFFA, and those who have not.

Ms. LUMMIS. OK. Mr. Chairman, one more question in this round. We have heard from owners in Wyoming that appraisers are using comparable lots in out-markets that are quite dissimilar. For example, a lot in Cody was compared to a lot near Pinedale. And those are very dissimilar in terms of their economic situation, one being in a very, very active oil- and gas-producing area, and the one being in more of a tourist area. And then in some areas, an appraiser is difficult to find.

What is the Forest Service's protocol for establishing comparable properties and lots when undertaking an appraisal?

Mr. HOLTROP. I would prefer to provide that answer in writing, to make sure that we have all the technical aspects of that correct. But in general, our protocol is to look for comparable lots that are as similar as possible. As earlier questions indicated, there are some difficulties of doing that when you are dealing with National Forest System lands and looking for comparable locations that are not on the national forests.

But the summary of our protocol is we use the best data available. And if, and sometimes that best data available leads to a fair market value that is based on lots that clearly are very comparable; and sometimes it is less, the best data available may not be as good.

Ms. LUMMIS. Thank you, Mr. Chairman. And if we have a subsequent round, I have some additional questions. Thank you.

Mr. GRIJALVA. Mr. Kildee, any comments, questions?

Mr. KILDEE. Just briefly, Mr. Chairman. I believe that we have a situation here where we can find an appropriate and reasonable fix for this. And I look forward to working with you and the Ranking Member to try to arrive at that fix. And I yield back my time.

Mr. GRIJALVA. Thank you, sir. Mr. McClintock, questions?

Mr. MCCLINTOCK. I would just like to offer the observation that of all the complaints I have about the Forest Service, the rapid escalation of fees vastly, vastly disproportionate to inflation or any other rational cost of living scheme has been number one.

I would just like to offer my strong support of this measure, on behalf of constituents who are literally being priced out of cabins that they have been renting for decades.

Mr. GRIJALVA. Thank you. Mr. DeFazio.

Mr. DEFAZIO. Just back to the question the gentlelady had asked about appraisals. I am just not quite clear.

These, the cabins are, I guess if you are looking for an equivalent in the private sector, not on public lands, it would have to be something like a condominium. Because, you know, they don't have right to the land, you know, they don't have a permanent right. Well, it is not even exactly equivalent to a condominium, because they have no permanent right to the dwelling. They have very restrictive covenants in terms of use, you know, rental, a whole host of things.

So when you do these, I mean, when they do that appraisal and they look for something that is, you know, equivalent, how are you doing that? Where are you finding them? Because there really isn't anything equivalent.

Mr. HOLTROP. Well, what CUFFA instructed us to do is base the appraisal on the value of the land; and that 5 percent is below what traditionally would be charged on private land. That lower fee was to make up for the differences in the rights of the cabin owners on their land. That is one of those areas where we have had difficulty in reaching agreement with the cabin owners on whether that is an appropriate approach or not. But that is our legal interpretation of what CUFFA has required us to do. So we don't take the reductions in the appraisal. We do in the 5 percent fee, by taking a 5 percent fee.

Now, there is an exception to that. If we specifically close an area because of an area closure for fire purposes or whatever, we do reduce the appraisal of the land based on the amount of time that the cabin owner is able to use the lot.

Mr. DEFAZIO. Well, would that take into account a cabin on a high altitude off of an unplowed Forest Service road in the winter-time, too?

Mr. HOLTROP. No, no.

Mr. DEFAZIO. That doesn't count. So you figure they are just going to come in on a snowmobile or something, or ski in.

Mr. HOLTROP. Or snowshoes, snowmobile. Or, you know again, as CUFFA instructed, to only charge 5 percent of the appraisal value to account for that.

Mr. DEFAZIO. Can we go back also to the administrative costs? I am really having a struggle with that. I just don't see how it could be \$500 to \$700 per year per dwelling. You know, you have specific employees detailed to this program who spend, you know, full time doing it? How long would it take to look at any individual property or cabin? I mean, if they are not remote from one another, one would assume that you could do a large number in a day. And I don't think too many of your employees are getting paid \$500 a day.

So I am bemused. I mean, is this one of those exercises where we assume that you spend 10 percent of your time, or 5 percent of your time thinking about this program; therefore, 5 percent of your salary counts as overhead, and 5 percent of, you know, all your staff counts as overhead? And so you work all the way down in the organization until you actually get to the person who does the work, who doesn't get paid all that much, and you say oh, well, the costs of this one lease are \$500 to \$700. Is that how it works?

Mr. HOLTROP. No. The costs that I am talking about are the direct costs of the administration of the program. There is generally—I worked on a ranger district in the Mount Hood National Forest many years ago, in which there were several hundred recreation residences on that ranger district. We had a GS-11 who was pretty much an assistant ranger-level position, who was pretty much assigned to working on that program on a year-round basis.

There is not just the site visit and the administration of the cabins. When there are several hundred cabin owners, there are many of those who want to do improvements to their lot. And that requires, under the permit, that requires additional interaction. So it can take several days of interactions on a specific permit.

There is also the billing process, and the paperwork associated with issuing the permits and the paperwork associated with issuing the billings. And then if there are concerns or questions about the billings, the visits and the telephone calls and the response to the questions on the billing.

Mr. DEFAZIO. If someone is applying to do improvements, do they pay for a permit?

Mr. HOLTROP. For the permit, the permit allows certain, the permit with us allows them to do certain improvements. And they pay for the permit based on the appraisal of the land.

Mr. DEFAZIO. Yes, no. But what I am saying is if I have, that is my, that is the routine recurrent cost. If I want to do another improvement that requires your approval, just like where I live in a city, I have to apply to the city. They send out an inspector, and I have to pay a fee that covers, more than covers the cost of that person's salary. My city makes money on these things, and use it for other bureaucracy.

So perhaps, you know, you could look at if that is part of the problem, then maybe for those who aren't doing or requiring more of your time or your staff's time, to actually have them pay a fee,

just like they would in a comparable situation in a county or a city because they want to do an improvement.

Mr. HOLTROP. We don't have the authority to do that at this point, but that is one of the solutions. That could be something we could do.

I believe the cabin owners, if they are going to do some improvement, there may be in some cases some local government fees that they have to pay to the local government for some of that. But that is not for, that is not something that comes to us.

Mr. DEFAZIO. OK, thank you. Thank you, Mr. Chairman.

Mr. GRIJALVA. Ms. Lummis, you had other follow-up questions? And let me extend to the other Members, if you have follow-up questions, this would be the time.

Ms. LUMMIS. Thanks, Mr. Chairman. And I do think Mr. DeFazio is on to something, so I want to run with that line of questioning.

County assessors tend to use, at least in my county and most, I believe, around the country, a computer-assisted mass-appraisal process, where they have factors plugged into a computerized mass-reappraisal system that would look at square footage, quality of construction, market conditions in the area, as assisting them in appraising.

Now, in areas where a Forest Service-approved appraiser may not be readily available, so an appraisal that a cabin owner disputes might not get a visit from a Forest Service-approved re-appraiser that is paid for by the cabin owner for quite some time, during which time they would be paying a higher fee, would it make some sense to adopt some of the same principles as a county assessor uses? To use these computer-assisted mass-appraisal processes.

Mr. HOLTROP. We would certainly be willing to work with you to explore that option. I do want to point out that those, the examples that you just mentioned were examples around the value of the structure, and we are not appraising the value of the structure.

Ms. LUMMIS. Oh.

Mr. HOLTROP. We are appraising the value of the land.

Ms. LUMMIS. Oh. OK. And excuse me for misunderstanding that.

Mr. HOLTROP. That is quite all right.

Ms. LUMMIS. OK. What are the criteria for an appraiser to be an approved Forest Service appraiser?

Mr. HOLTROP. I don't have that information at my fingertips, but I can certainly get that for you. But there are certainly requirements that they need to be licensed, and that they have to be certified by the state in which the appraisal is occurring.

Ms. LUMMIS. Mr. Chairman, do they have to be an MAI appraiser? They don't, OK.

Mr. HOLTROP. No.

Ms. LUMMIS. Wouldn't the Cabin Fee Act just eliminate all this confusion?

Mr. HOLTROP. The Cabin Fee Act has many advantages, in terms of providing certainty of how much the cabin owners would be paying on an annual basis over time. It has the advantage of reducing the uncertainty and the controversy around the appraisal process.

But there still does need to be some process in which there is, before the cabins are put into the various tiers, how you establish

which tiers they ought to go in, there has to be some basis of a fair market value that has to be determined at that point.

So, but over time, I think there would be many advantages that would take us out of this. Because you know, 10 years from now, under CUFFA, we would be doing this again.

Ms. LUMMIS. Mr. Chairman, if you are just appraising the land, there is a certain added value, I would think, to the exclusivity of the setting, in that, you know, you don't have any neighbors because it is Forest Service land. Does that factor into these values? Because it is sort of a condition precedent. It is on Forest Service land.

So if you are, in essence, providing a higher value to the land because it is so exclusive, and yet by its very nature it is exclusive because it is Forest Service land, it is pretty circular.

Mr. HOLTROP. Yes. But no, we do not specifically raise the appraisal value because it is National Forest System land. What we look for are comparable properties that have, for instance, if there is, if it is a cabin on National Forest System land, and it is pretty isolated by itself without neighbors, we are looking for comparable private sites that would be consistent with that.

We have many of our cabin owners that the cabins are actually in subdivision-like settings, as well. In those cases we are looking for comparable lots on private land that are in a comparable setting.

Ms. LUMMIS. OK. And Mr. Chairman, thank you for letting me ask these questions. This has really cleared up some of my own misconceptions, so I appreciate your testimony. Thank you.

Mr. HOLTROP. Thank you.

Mr. GRIJALVA. Mr. Costa, you had some follow-up questions?

Mr. COSTA. Yes, thank you. The conundrum that you are in, though, in the example that was just stated, because I know a number of areas where you have Forest Service land, but you have some historical event that occurred in which there is private land that is there. And so when you are, and Doc Hastings cited a case up in his area, and in Washington we have a similar case that I am familiar with where we have 90 acres that is isolated private land, where there are condominiums and some cabins. And they get fee title to the land, and they actually own, they own something. But everything around it is Forest Service land.

So when you are doing a comparable appraisal, it is not really comparable in the sense that, because people have fee title to the land, they actually built a dwelling, and they own it. So I think that is an issue that needs to be reflected here.

I am also pleased that Congressman DeFazio explained that some of these are seasonal. I mean, you have maybe six months' use of the cabin, realistically, because of the remoteness, the snow conditions, and other factors where they are located.

Getting back to the, I guess bemused was an interesting description of how you assess these fees. Because in some of the instances I am familiar with, what the Forest Service has is an administrative office in the area; they manage the whole forest, they manage trails, they manage, they rescue lost hikers. They focus on lakes, and they work with Fisheries and state and other agencies to plant trout and do all sorts of, and maintain the campgrounds. There are

just a multitude of efforts. And the cabin owners, when they are adjacent in those areas, provide value-added in that sense.

But just as I am familiar with that because in this one area it is seasonal, you have in the springtime a meeting with the cabin owners. There are two or three hundred cabin owners in one area. You guys come down; you have two or three of your guys, you have an hour meeting. You have a notice, everybody is on the list. These are the rules for this year. On May 30 or June 15, everybody has to clean their pine needles from their thing.

I mean, it is a whole, it is not like you are visiting up in the cabin, and you are saying OK, well you know, I am checking off this. You have the cabin owners down. And this is a regular, annual part of the administration. So you are not going cabin to cabin for 300 cabins. You have them on the mail list, they get on the mail list. You have got emails. I mean, there is an association on this track-by-track basis.

So the \$500 to \$700 per year administrative cost, it just, I guess the line of questioning that Mr. DeFazio was focused on I think more accurately reflects what is going on here, as opposed to what this is really costing. I guess I am trying to get a sense on how you, the way you do this systematically, to the degree where you have clusters of cabins located in an area. Is it not, is that not the way you deal with these administrative issues?

Mr. HOLTROP. It is, it certainly is a way that we deal with the administrative issues. And I also want to acknowledge, I agree with you that the value that the cabin owners bring to the management of the National Forest System.

But there still is, there is on-site visitation that does occur. I think our process does require our administrators of the permit process to visit every cabin once a year. There is a cost associated with traveling to get to the cabins, et cetera.

Mr. COSTA. Does a visit include just driving by?

Mr. HOLTROP. In those cases in which the cabin has been in the current state, and has many years of being in sharp compliance with the permit for years, I would expect one of our permit administrators to do some prioritizing that that is a cabin that I don't have to spend as much time on. But if next door there is a cabin in which they are building a deck or doing something additional, that is going to take some additional work by the administrator.

I am told we do have a study that lays out the details of the cost of administering the cabin program, that we can get a copy of it to all of you.

Mr. COSTA. Please submit it to the Subcommittee and to all of us. Thank you.

Mr. HOLTROP. OK, I will do that.

Mr. GRIJALVA. Any other Members have follow-up questions? Mr. DeFazio?

Mr. DEFazio. Just, well, it is more an observation, though you may want to respond. I am just looking at a list of Oregon appraisals, and most of them were done in 2007 and 2008, which would have been the height of land rush hysteria in my state. And you know, I was just meeting with builders yesterday, and they were saying well, you can get lots in central Oregon now for 20 to 25 cents on the dollar for what they were two years ago.

So I mean, that, you know, most counties, once they have done a physical appraisal, they then index that to the market. So they will say well, the market went up 5 percent last year; we appraised you three years ago; you are going up 5 percent. Or in this case, the market went down, you know, substantially; we are going to bring you down.

Do you have anything like that? Or is it just, if you were appraised at the height of the market, you are stuck with that?

Mr. HOLTROP. Both CUFFA and the Cabin Fee Act that we are considering here today have indicators, and we adjust to the market.

Mr. DEFAZIO. OK. After the initial appraisal there is——

Mr. HOLTROP. Adjustment.

Mr. DEFAZIO. So the numbers I am looking at here, you know, which are quite high, are actually going to be adjusted downward because of market changes.

Mr. HOLTROP. The amount would be based on, the adjustment is based on IGD/DGB? OK. It is the Department of Commerce figures that we base the adjustments on.

Mr. DEFAZIO. For a subregion? For a forest? I mean, you know, we have seen actual, very substantial, you know, second-home decreases in prices in real estate in, say, central Oregon and other parts of Oregon.

Mr. HOLTROP. Right. The legislation, the CUFFA legislation, as well as Cabin Fee Act, are both based on the national figure. So the concern that you are raising——

Mr. DEFAZIO. I would love to know what the national figure says about recreation land over the last 24 months. I would be very interested. If you could provide that, that would be great. Thank you.

Mr. HOLTROP. We will respond.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. GRIJALVA. Any other Members have follow-up questions?

[No response.]

Mr. GRIJALVA. Thank you, sir. Let me invite the next panel up.
[Recess.]

Mr. GRIJALVA. Let me welcome the panelists so that we can begin. And turn to the Ranking Member, Mr. Bishop.

Mr. BISHOP. Mr. Chairman, I just ask unanimous consent to set into the record letters that we have received from cabin owners throughout the West.

Mr. GRIJALVA. Thank you very much. Without objection.

[NOTE: The following individuals submitted documents for the record, which have been retained in the Committee's official files.]

Cline, Larry A.

Congressional Record (copy), June 16, 2003

Davis, Barry, WY

Fashinell, Thomas R., Owner/Manager, Echo Chalet, Inc.

Howard, Joanne, Board President, Echo Lakes Association

Huber, Charles and Linda, AZ

Johnson, Kenneth C., Cabin Co-Owner, CA

Jossi, Dave, MN

Peterson, Charles, D., CA (Fax)

Prince, Megan, OR

Raben, Debra Dianne, WY

Realtor Summary: Effect of CUFFA permit fees on the Health of the Recreation Residence Program (letters attached)
 Shaw, Randy L., OR
 Tripathi, Jay, President, Spring Creek Tract Association

Mr. GRIJALVA. Let me welcome our panel, and begin with Mr. Anderson, President, National Forest Homeowners Association. Welcome, sir, and I look forward to your comments.

**STATEMENT OF GEOFFREY ANDERSON, PRESIDENT,
 NATIONAL FOREST HOMEOWNERS, LINCOLN, CALIFORNIA**

Mr. ANDERSON. Thank you for the opportunity. I am Geoff Anderson. My family cabin of 50 years is in the Sierra National Forest in California.

I am a cabin owner, and also the President of the National Forest Homeowners, which represents recreation residence and special-use permittees in 98 of our national forests.

Since its inception, the cabin program has met the needs of the public for recreation opportunities. At present, there are 14,000 cabins in 25 states under this program of non-exclusive, restricted, and permitted use. These are summer cabins, not full-time residences.

This program continues to provide quality family-oriented recreation opportunities, a continuing goal of the Forest Service, generating substantial revenue per square foot and at low impact.

Today cabins occupy a fraction of a percent of forest lands, and generate 5.1 million recreation visitor days each year. Cabin owners were encouraged by local forest rangers to join the program well into the sixties. Cabin sites were made available in primitive, often roadless and remote, areas. Many are accessible only a few months out of the year, due to weather.

The original cabin owners were hearty souls. The cabins were built by hand, using primitive tools and natural materials. Some hauled with the mule-drawn conveyances of those days, and some by boat. We constructed our own roads, dealt with often severe environments, and provided our own services.

Historically the cabins worked in partnership with the Forest Service. Cabin owners became invested in the forest, and as such, had great interest in the forest environment. They were often the first responders to forest fires and medical emergencies. This was the beginning of the public-private relationship that still exists today.

Today, many of the cabin owners are descendants of the original owners. Some are quite elderly. They include veterans, teachers, civil servants, small business owners, and the like.

Cabin ownership may have changed over time, but the stewardship and the close ties to the forest environment have never changed. Cabin owners and their guests, for example, volunteer their time to fire fuels reduction projects and rescue services. Educational environmental programs have been organized and funded by cabin tracts that benefit the public and help maintain healthy forests.

There are many examples of cabin owner volunteers working cooperatively with the Forest Service and many nonprofits, church,

and youth groups. An elderly cabin owner in Arizona hosts docents from the local desert museum every summer. My cabin has served as a jumping-off site for numerous scouts seeking merit badges on back-country trails. Local businesses, state and county governments benefit, too.

The existence of the local lodge, grocery store, and restaurant is often dependent upon cabin owner patronage. Resort owners in Huntington Lake, California tell us that if the 400-plus permitted cabins disappeared, they would be out of business.

Cabin owners support projects and services which serve members of the public beyond just the cabin owners. We pay property taxes, access fees, utility and insurance fees, not to mention the purchases of staples, improvement and repair items, all of which benefit the rural businesses and communities.

Cabin owners are valuable resources. Secretary Vilsack has stated, and I quote, "It is essential that we reconnect Americans across the Nation with the natural resources and landscapes that sustain us."

Cabin owners, their families and friends are already connected. They will continue to play a vital role in the health of our rural communities and our national forests, furthering the goals of the Forest Service and enhancing public services and recreation experiences.

Mr. Chairman, I fear this valuable public program is being threatened. Current cabin owners cannot afford the unreasonably high fees, and potential purchasers are unwilling to pay them. Such is the dilemma of a widowed cabin owner in the Angeles National Forest, whose yearly fee will rise to over \$3,600 this appraisal cycle. A cabin owner in Wisconsin is struggling with a \$7,000 yearly fee. Both anticipate additional fee increases will drive them from their family cabins. They face making the choice between selling the cabin or walking away, leaving them with the costly obligation of removing the cabin and restoring the site to its natural state.

One might say well, someone else will pay the fee. Declarations from real estate agents from across the country, which you were provided today, show that cabin sales are not down due to the general economic downturn; they are down because potential buyers will not pay the unreasonable fees, nor be burdened with even higher uncertain fees in the future for the restricted use of a small cabin that they may have access to only a few months of the year.

With such high fees, no one, not even the wealthy, will pay these fees. The costs simply outweigh the benefits. At Lake Wenatchee, Washington, in 2007, a cabin owner, faced with a substantially increased fee, was not able to sell his cabin at auction, even with a minimal opening bid.

Our members support the Cabin Fee Act, and ask you to support this legislation. I might add that the particulars of this bill and the difficulties with the current fee system will now be addressed by Mr. Almy and Mr. Bailey.

Thank you.

[The prepared statement of Mr. Anderson follows:]

**Statement of Geoffrey Anderson, President, National Forest Homeowners
and Cabin Coalition 2 Steering Committee Member**

History and Benefits of the Recreation Residence Program

Introduction

I appreciate the opportunity to provide this testimony to the Parks, Forests and Public Lands subcommittee on an issue of great concern to recreation residence permittees, their friends and their families. This testimony has been prepared in conjunction with Mr. Dick Almy, who has provided an overview of the problem, and Mr. Pete Bailey, who has detailed the solution. This testimony summarizes the long and rich history of the Program and the benefits that accrue to the Forest lands, the rural communities, the public and participants in the Program.

I am the President of National Forest Homeowners (NFH), which is the only national organization solely dedicated to representing all holders of special use permits issued by the USDA Forest Service pursuant to the Term Permit Act of 1915, 66 USC Section 4971. My wife and I hold a special use permit for our summer cabin on the Sierra National Forest at Huntington Lake, California.

History of the Recreation Residence Program

The Recreation Residence Program was arguably the first formal effort made by the USDA Forest Service (FS) to provide recreation opportunities for the public on National Forest System land, although fishing and hunting cabins on these lands date back to the early 1870s, well before the establishment in 1891 of the Forest Reserves.

With the passage of the Organic Administration Act of 1897, Forest Reserves were opened to the public with their use regulated by permit. However, these permits could be reviewed annually and terminated. Cabin owners needed longer tenure to justify the investment in and the construction of cabins. The Occupancy Permits Act of March 4th 1915 set aside land for the construction of summer homes with multi-year occupancy permits.

Summer cabins have been a part of our nation's forest recreation program, under Forest Service policies, ever since. At present there are approximately 14,000 cabins nationally in 25 states and Puerto Rico under this FS program. At its peak, the Program authorized nearly 20,000 cabins. More than 5,000 permits have been removed from the Program due to land exchanges and loss of structures from natural disasters. Many other forest lots originally were designated for cabins; however, current USFS policy does not allow them to be developed.

In the early years, the Forest Service supported and actively promoted participation in the Cabin Program to encourage public use of our National Forests. In 1919 rangers in the Sierra National Forest approached frequent campers in the area of recently plotted cabin sites and solicited applications for Recreation Residence Permits for a \$15 annual fee and a 99-year lease. Eileen Davis, a current 90-year-old permit holder, in a written statement tells of these early days of the Cabin Program (statement attached as Exhibit 3A). This was the beginning of the public-private relationship that still exists today. Forest Service promotional brochures date back to 1918. Interestingly, as recently as 1962 Forest Service publications promoted the Program and required that the cabins be "permanent" structures ("Information for Prospective Summer Home Owners", USFS Intermountain Region brochure, 1962). Today, land set aside for this purpose is less than 3/1000th of one percent of all National Forest System lands. Many cabins continue to be owned, maintained, and enjoyed by the fourth and fifth generations of the families that built them.

In the early era, families traveled substantial distances in primitive vehicles over uncertain roads in order to build modest cabins on roughly quarter-acre forest lots. For many of these tracts, the means of access today continues to be primitive and may involve a final trek on foot or by boat. Weather in some forests limits access to fewer than four months annually. For example, Echo Lakes' tract in California's Sierra Nevada, not atypically, has three months of access each year. As utilities and infrastructure became available in some of these rural areas, cabin owners banded together to provide water systems, electricity, fire protection and road and trail maintenance. Others still use gas lights, gas or wood stoves for heat and hand-pumped wells to provide water.

Many of the cabins were hand built from materials found nearby and still display period construction methods. In fact, most cabins were built prior to 1960 and many are classified as "historic" under the National Historic Preservation Act. Most are true "cabins in the woods" and are not in any way equivalent to vacation homes in resort areas (Francis True statement attached as Exhibit 3B).

Nature of Permit Rights and Restrictions

The cabins may have maintained their historic features; however, the rights and responsibilities of cabin owners, as noted in the regulations, (last reissued June 2, 1994, now found in the USDA Forest Service Manual at 2721.21.33 and Handbook at 2709.22), have evolved. Interim directives have placed further limitations on use. A few of these limitations are identified below.

One significant limitation is that the use of the lot is not exclusive. The general public can access and utilize the lot at will other than the “footprint” of the cabin. Most cabin associations welcome and encourage other forest visitors, sponsoring interpretive trails and information kiosks to foster responsible shared use of tract sites, trails and the forest resources that surround the area. Cabin tracts can be important buffers between more intensive day uses or campgrounds and less intensive uses such as backcountry or wilderness areas.

Permits are limited to a maximum of 20 years. Year-round permanent residency is not allowed and use as a rental property is on a limited basis needing prior written approval by the local Forest Service office, if allowed at all. If an alternative public use for the land is determined consistent with the FS management plan, then within a 10-year notice period, the cabin owner must remove the cabin and restore the land to its natural state. If the cabin owner does not comply, the Forest Service will remove the cabin and bill the cabin owner for the expense. Only if the notice is less than 10 years is the owner entitled to compensation.

Cabin owners are responsible for maintaining their lots, including the removal of hazard trees both on and off the lot. Erosion control, removal of non-native species, clearance of excess forest understory to satisfy fire concerns—all are the cabin owner’s responsibility. All exterior repairs/alterations must have prior approval from the Forest Service, even if required by another governmental agency. At the end of a 20-year term, each cabin and lot is evaluated for whether it meets the local requirements for a new permit. Sometimes the local rules on acceptable structures—down to the color of the cabin—have changed since the last permit was issued and burdensome new changes are required. Typical forest or regional restrictions include limitations on the size of the structure (1,200 square feet in Region 6), the size of decks, second floors are not allowed, outbuildings are prohibited entirely or limited to one or two at the most, fencing is not allowed, landscaping is prohibited, and the color of paint on the cabin, its doors and window frames is tightly controlled. It is not uncommon for a permit to be issued for one year to complete the required changes.

Despite the challenges, the Forest Service and cabin owners have had a successful long-term relationship, both contributing significantly to a program that provides for family-oriented recreation and generates revenue for the U.S. Treasury.

Benefits of Cabin Owner Stewardship

Today, more than ever, the cabin owners and their families and friends work in partnership with the Forest Service, volunteering their time and labor to help the Forest Service with projects and services the general public enjoys. What began as a way in which to encourage public use of the National Forests has matured into a valuable resource of knowledgeable Americans who help in the management and stewardship of those forests. As the Forest Service stated in the Pacific Southwest Region’s Recreation Residence Assessment (June 10, 2009 and updated November 12, 2009): “Recreation residences provide for unique, family-oriented experiences that foster stewardship and volunteerism. Ownership often spans generations, creating a valuable source of local knowledge regarding resource issues.”

This established partnership can aid in developing the vision and direction for our forests that Secretary of Agriculture, Mr. Tom Vilsack, has described. He has stated in the USDA Department of Agriculture News Release #0383.09, “It is essential that we reconnect Americans across the nation with the natural resources and landscapes that sustain us.” Cabin owners, their families and friends are already making these connections and will continue to play a vital role in the health of our National Forests.

In order to better understand how cabins are used and how they benefit the forests where they are located, in 2009 National Forest Homeowners (NFH) surveyed cabin owners across the U.S. One of the sections of the survey addressed the stewardship activities of cabin owners. As documented in this survey, cabin owners help in the management of the forest areas both in and around their tracts, from eradicating non-native species, trail maintenance, river rescue and general clean up to aiding the day use and camping public and participating in Fire Safe Councils. Further, they work in partnership with the Forest Service to provide help in manning informational kiosks for campers and day visitors, in some cases after having helped build those kiosks. Permittees help with Saturday night presentations at amphi-

theaters they helped construct for audiences made up of local campground visitors. They build and staff local museums of the history of the areas. Most cabin tracts are located in areas where there are other types of recreational uses of the forest; in many instances these cabin communities are the first responders to put out campfires left burning, help visitors who may be injured or lost, and pick up trash.

Many cabin owners have been coming to their cabins all of their lives. They know about the local environment from personal experience and the Forest Service often draws on their knowledge when managing the area. One example is the relocation of a parking lot that provides access to a wilderness area, based on input from a cabin owner. In addition to providing ideas for the relocation, the tract members got together and helped replant the affected wetland, which now looks as if cars were never there. Wesley Voth, a cabin owner in Oregon at the Breitenbush tract in the Willamette National Forest, tells of the impact that cabin ownership has had in terms of shaping their lives, including their family values and careers (Voth letter attached as Exhibit 3C). Wesley shares the lessons learned from spending time at the cabin and how their cabin is a "natural classroom in the forest". This closeness to the land resulted in his father's choice of career. Their cabin is a place to share, care for, preserve and teach stewardship to his children, just as he learned from his parents and grandparents.

The devastation of recent western wildfires is well-documented. In the Huntington Lake basin of the Sierra National Forest in California, a fuels reduction project was established involving cabin volunteers, the Forest Service, the California Fire Service and local merchants. Their mission: to cut and remove dangerous trees and brush that threatened large areas of forest. Over a two-year period, using funds from the local rural advisory council and the Forest Service and with labor from the other partners, substantial areas were thinned or cleared. This provided a buffer between the recreation area and the Kaiser Wilderness area while also protecting structures, campsites and businesses from wildfires. As stated by Christine Oberti, President of the Huntington Lake Association..., "the significant economic and cooperative benefit contributions of the Recreation Residence Program in conjunction with other volunteer organizations is substantial. If the program is priced out of existence, the Forest Service will lose a great partner and many auxiliary benefits that make up for the reduction in appropriated non-fire funds on our National Forests."

At Echo Lakes in El Dorado National Forest near Tahoe, California, the Echo Lakes Environment Fund (ELEF) started in 1970 with the institution of a recycling program for trash generated by cabin owners and the public. The ELEF has performed numerous back country cleanups. The ELEF organizes "walks" led by various professionals (botanists, geologists, nature photographers, star-gazers, etc.) that are open to all comers. They have been very active in the education of cabin owners and the public on how to live with bears. They also have a very active youth education and outreach program that includes fishing derbies, log-rolling contests, nature scavenger hunts and other activities. The ELEF also provides small grants to students whose research includes the Echo Lakes area. These are only a few of the examples of cabin-owner led programs that really benefit their communities, the forests and the public.

Economic Benefits from Cabins

The cabin owners also have a major impact beyond their stewardship of the forest. The economic impact of the cabin tracts on the surrounding communities was also evaluated in the NFH Economic Impact Survey, conducted in the Spring of 2009. Expenditures in local economies (defined as within 50 miles of the cabins) on food, staples, improvements and repairs, recreational activities, and dining out for the 'typical' cabin average approximately \$7,000 annually. An additional \$369 per year is given in donations and our volunteer hours contribute \$303 of value to local communities. Based on these data, we estimate that each cabin, on average, injects approximately \$7,600 dollars into the local economy. At the national level, the impact of the 14,000 cabins in the program on local economies is over \$110 million annually. In many cases, these expenditures are critical to the economic health and viability of the small, rural communities that provide products and services to the cabin owners.

For example, the 400-plus Huntington Lake cabins support the local volunteer fire department with money and manpower. In fact, most of the emergency services are provided to campers in the public campgrounds and to motorists utilizing the nearby roads and highways. The loss of the cabins would mean the loss of these emergency responders and facilities. Would the Forest Service fill the gap?

Significantly, the local lodge, grocery stores and restaurants would suffer if the cabin owners weren't there to support them. At Echo Lake, California, which is an important restocking/communication location on the Pacific Crest Trail, the store

and boat taxi/rental service owner has stated that 50% of his revenues come from cabin owners and he would go out of business if the cabins were not there (statement attached as Exhibit 3D). The local historical museum, staffed by local volunteers, owes its very existence to cabin owners. Diminishing the cabin program threatens these and other services and businesses in this community and in similar communities near cabin tracts nationwide.

There is also an impact on local governments. Results from the NFH Economic Impact Survey also show that property taxes, special use fees and, where applicable, access fees total \$2,390 annually for the typical cabin. This extrapolates to \$34.7 million in annual government fees and taxes nationally. Direct business expenditures for utilities and insurance cost the typical cabin owner \$1,598 each year. Extended nationally, this amounts to about \$23.3 million, much of which benefits local businesses and utility providers.

Promoting Recreational Access to the Forests

The Forest Service has affirmed the benefits of the Recreation Residence Program in their Regulations (USDA Forest Service Manual at 2721.21.33 and Handbook at 2709.22), which identify the cabins “as an important component of the overall National Forest recreation program...[that has]...the potential of supporting a large number of recreation person-days...provid[ing] special recreation experiences that might not otherwise be available.”

The Recreation Residence Program also provides recreation opportunities not only to the cabin owners, but to their friends and families. Based on data from the NFH Economic Impact Survey, there are over five million visitor days to the national forests annually related to the Cabin Program. In many cases, cabins provide the very young, the elderly, and people with disabilities the opportunity for forest recreation that might not be readily available for them otherwise. In addition, the storied traditions developed over the long years of the Cabin Program have fostered strong local communities that really take ownership and responsibility for themselves and their environment, something that we don’t see very often in more urban environments. Cindy Langley’s grandmother acquired her cabin in Sequoia National Forest in 1938 from earnings as a waitress in Los Angeles. Every spare cent was committed to that cabin, which remains to provide a forest environment for her children, grandchildren, great grandchildren and their many visiting friends and relatives.

For most cabin owners, the importance of the cabin revolves around family and the opportunities it provides to multiple generations. In particular, the experiences afforded by the Cabin Program go a long way towards preventing today’s children from being the last in the forest. We support the “Kids in the Woods” policy espoused by the Forest Service. A typical cabin hosts kids for 141 visitor days annually; over 68% of typical cabin visits include one or more kids and it is common for a cabin owner to bring two, three or four along on a cabin visit. Many cabin tracts provide educational and recreational activities for kids who visit, such as ecology walks, trail and beach cleanups, fishing contests, nature scavenger hunts, etc. These activities are open to all, not just visitors to cabins.

The Importance of the Cabin Fee Act of 2010

Under the current appraisal-based methodology for setting fees, the concept of a fee for a use has become the concept of a fee for the land; land the cabin owner uses but never owns yet pays for in its entirety every 20 years. The availability of this valuable program to the general public is being threatened by unreasonably high and uncertain fees.

Current cabin owners can’t afford these unreasonable fees. An example is the 87-year old widow in Arizona’s Coronado National Forest who lives on a pension. Her cabin fees, when fully implemented, will rise to an amount which constitutes 10% of her income for a residence she can only inhabit a small portion of the year. She will have to “let the cabin go.” Consider the 86-year old WW II and Korean War veteran who has struggled to keep his cabin on Idaho’s Sawtooth National Forest in the family. The new \$8,000 plus fee will be beyond his means. Similar is the situation of the 67-year old widow in California’s Angeles National Forest who has tenaciously held onto her cabin to give to her son when she dies. The fee was recently raised from \$479 to over \$3400. Neither she nor her son will be able to pay such yearly fees and will have to leave the cabin that generations of their family have enjoyed.

Worse still for the future of this program is that there will be no one willing to purchase these cabins from those unable to pay. We are increasingly seeing places where no buyers will place themselves in circumstances requiring the payment of such high annual fees.

A Realtor experienced in cabin sales in Wyoming reports that no cabin has sold since 2004 and the three cabin owners who have tried to sell have found that "...when the buyers find out how expensive the fees are (or may be) they laugh and then go away." (Letter attached as Exhibit 3E). Another in Idaho reports with respect to the 2008-2009 season, "With every showing, talks and negotiations faltered when it was disclosed to the prospective buyers that the possible new annual fee at Valley View might range from \$4,500 to \$6,200." (Letter attached as Exhibit 3F). A collection of letters from Realtors across the country shows they uniformly report that the annual fees and the process to set them have had a far greater negative effect on the salability of cabins than the current economic downturn. In many places, buyers have disappeared entirely, effectively reducing the cabin value to zero. There is no nexus between the fee that is established and the privilege/services granted, and the buyers see that.

The Cabin Fee Act of 2010 will ensure that the Cabin Program remains affordable, while recognizing the difference in location values throughout the forests. Further, it will save the Forest Service and the cabin owners the time and money an appraisal-based method costs us both. Finally, it provides for fee certainty into the future.

Conclusion

NFH and Coalition 2, a group comprised of a wide range of cabin owners and cabin association representatives including resource specialists, teachers, accountants, financial managers, attorneys, MBAs, business persons, appraisers, real estate agents, former Forest Service employees and just plain cabin owners, have worked hard to create a fee determination system that will allow this valuable recreation program to continue on the National Forests. Many potential fee setting methods were studied, ranging from fixed fee and alternative appraisal systems to fee calculation using various indices and short and long-term lease applications.

The fee determination system proposed in the Cabin Fee Act of 2010 was fully vetted with our NFH membership. Input from cabin owners was sought through national and regional meetings, email, newsletters and our website and found to be the best solution. We look to this method of setting our special use fees as a way to preserve the Recreation Residence Program for our children, our children's children, and for the American public.

USDA Agriculture Secretary, Mr. Tom Vilsak, has said "By using a collaborative management approach with a heavy focus on restoring these natural resources, we can make our forests more resilient to climate change, protect water resources, and improve forest health while creating jobs and opportunities." (USDA Department of Agriculture News Release #0383.09). Cabin owners, their friends and families represent the collaborators that Secretary Vilsack is seeking to restore and maintain forest health for future generations.

One steadfast principle shared by the Forest Service and cabin owners is the appreciation of our natural resources and the forest environment. Our continued partnership aids in the management of our Forests, furthering the goals of the Forest Service and enhancing public services and recreation experiences where cabin communities exist. Cabin owners will continue to play a supportive role in the health of our small rural communities, too (Exhibit 3G).

The Cabin Fee Act of 2010 will promote continued collaboration and provide for fair fees while assuring that average Americans and their families, the Federal and local governments, and the American public will continue to benefit from this unique and valuable program. Please support this bill and help preserve these treasured and historic assets for generations to come.

Exhibit 3A

Statement of Aileen Davis, Oakhurst, California

My family cabin is the old "Dresser log cabin" at Huntington Lake, California in the Sierra National Forest. The cabin is in the national register of historical places and visitors from our tract as well as random hikers often stop by to see its historic features. I am 90 years old and my husband is 93. I have used the cabin since its construction and we consider the log cabin our family treasure.

In the early 1900's, my family frequently camped in the Huntington Lake vicinity, and my father, a skilled carpenter, helped those who were just starting to build rustic cabins in the area. In the early days it was a long trip from the San Joaquin Valley. In approximately 1919 while camping in the area my father was approached by the local ranger who seeing there were two young children urged my father to apply for one of the new cabin sites. We were encouraged to acquire one for \$15

a year in return for a 99 year lease and the right to build and use a summer cabin. My father acquired the permit in 1921 and built the cabin over a two year period. Local Lodgepole pine was selected as the best wood and trees were felled (by permission) and hauled to the site by mule. Because our cabin is on a steep descent, my father built a chute down which logs were slid to a level area where the cabin was to be constructed. They were shaped on site and placed by hand. The cabin foundation is of Sierra granite, locally obtained, which was dragged to the site, shaped by hand drilling and blasting, then put in place. That cabin stands today much as it was originally constructed in 1923. It was originally a two room cabin enlarged in 1933. It is now approximately 900 square feet which includes a bath and bedroom. For years, the only authorized access to the cabin was on foot down the steep slope; my father built a 70 step stairway to facilitate access. I can still picture my mother struggling up and down that stairway until we were required to remove it. We now have a narrow access road which we built and must maintain, season permitting.

The cabin is heated by a wood fireplace and a wood stove, the latter used for cooking-a talent passed onto me by my mother. My husband, a WW II veteran, splits and stacks wood virtually every day for use in the cabin, and we still open and close and maintain the cabin. Our use of the cabin is confined to the summer months due to the weather and the condition of the access roads.

As I reflect over the almost 90 years I have been present at the cabin, I have many memories. I remember the goat my parents brought up to the cabin every summer when I was a child-our source of milk as there was no refrigeration. I remember the joy of sleeping in the outdoor porch and seeing stars even after the addition was built in 1933 and I was a young adult. I remember first my friends and me then my two sons, playing with other children in the surrounding forest and streams. My sons are skilled outdoorsmen having grown up in the forest.

The cabin is often the center of dinners, meetings and conferences involving various groups and organizations. It has even been the site of a marriage and Golden Wedding Anniversary. We have tried hard to be good "stewards of the forest". I serve on the local historical society. My husband and I (as treasurer) participated in the successful effort to have the nearby virgin wilderness designated the federal Kaiser Wilderness Area. We have helped maintain forest trails and clear surrounding areas of brush and manzanita as part of fire prevention projects.

My husband and I are pensioners and we have been given notice that the yearly fees for the "Dresser" cabin will be \$5000! (We never saw the promised "99 year lease"). Fee increases have prompted us to transfer the cabin to our son, a Fresno County employee. However, at their current level, particularly if the fees continue to rise as they have, our family will be unable to afford the fees and taxes associated with the cabin. In such a case, the future for our cabin is bleak. Who will purchase a 90 year old cabin with a wood stove requiring constant maintenance and usable only in the summer? If a wealthy purchaser could even be found I fear that the purchaser would be inclined to destroy the rustic nature of our cabin by modernizing and updating the systems we cherish. We are hopeful that Congress will realize the special nature of the recreation residence cabins and establish fair fees for permits that will allow cabin owners such as me and my family to enjoy the cabin for years to come.

Aileen Davis

Exhibit 3B

Statement of Francis True, Sawtooth National Forest

The True cabin in the Sawtooth National Forest is much the same now as when my father Edwin True built the cabin in 1931. My father cleared the lot himself and built a log cabin from logs harvested from the forest. It took an entire day to reach the cabin by a Model A Ford. Then as now, the cabin is a 720 square foot cabin with a sleeping loft. Water is obtained from a surface water collection system and the septic system is an outhouse. We have no electricity save what is produced by a small generator for lights and heat is supplied by a wood stove.

Although we have no winter access, my wife and I, our two children and our two grandchildren and their guests use the cabin in the winter months. Even in the summer difficult access road conditions hamper our access nonetheless we endeavor to enjoy the summer months in a this rustic environment. I am 86, a retired WW II and Korean War veteran and my wife and I live on Social Security and a pension. We have always met our obligations to pay the yearly fee for the use permit even when the fee reached \$3000, a struggle for us.

We have been informed that our new fee will be \$8850 a year when the current moratorium expires. This is beyond our means; this fee is so high that we cannot even split it between families. I fear that I will have to transfer the permit and cabin but I question whether the cabin is even marketable. The cabin is old and rustic, subject to a high fee and I doubt anyone outside the family would take responsibility for it considering the high fee and all the restrictions imposed by the Forest Service.

We currently have a one year permit due to a series of inconsistent decisions and rulings about the nature design of our outhouse and issues raised about the presence of a flood plain. Although we are hopeful that these issues can be resolved and a full 20 year permit issued, who would pay to take on this responsibility?

My family agreed to serve as stewards of the forest when the permit was acquired and we have continued to do so for almost 80 years. We are hopeful Congress will reform the current fee system so that my family can continue to do so.

Dated February 2010—Francis L. True

Exhibit 3C

Statement of Wesley Voth, Willamette National Forest

How the Program that allowed us to build a rustic retreat cabin on Forest Service/ Public land in 1952 changed the course of one Oregon family's history, but also have CUFFA fee structures threaten to cut its next generation off from this legacy

My name is Wesley Voth and I am the family member currently responsible for the fees and permit compliance for the Devil's Creek Cabin #24 in the Detroit Ranger District of the Willamette National Forest. I was born in North Portland in January 1952, the first grandchild of Virgil & Florence Snow who lived next door and who both came from Oregon pioneer families. That summer they built this cabin at Breitenbush beside Devil's Creek under what they always referred to as a 99-year U.S. Forest Service lease. Virgil had worked for many years as a surveyor for the U.S. Dept. of Agriculture's Bureau of Public Roads and had watched with concern what happened to "paradise" as roads and development came. The cabin was to be a legacy for me and my eventual siblings and cousins so that we wouldn't grow up as "city kids." It turned out to have a much larger effect than that on us all.

We began spending summers at this cabin and as much other time as possible from the very beginning. My father, Elver Voth, was collage biology major, planning a career in medicine. Time there got him thinking about forest issues, and the environmental mindset of my mother and her parents began to rub off on him. His master's thesis was a survey of the vertebrate animals of Jefferson Wilderness, an area adjacent to our cabin and necessitating spending a lot of time there. Our family would stay at the cabin while he backpacked through the area and did his research. His doctoral dissertation was on the feeding habits of an obscure little mammal that loggers call boomers. Later as a biology professor at George Fox College he was the first in the state to design a course entitled Ecology, and many of his college field trips used the cabin as a base. One of my most vivid memories is of him arguing with a Forest Service biologist in front of the cabin after the 1964 flood. The other man said the destruction was an act of nature, and my father said yes BUT it pointed out just why logging shouldn't be done by clear cutting steep hillsides and next to streams. The logjam in front of our cabin was mostly trees that had been cut miles upstream—they didn't have the length or root wads to jam up closer to where they started out. Much to our horror, bulldozers rechanneled the creek and parts of the Breitenbush River, removing all wood and ruining the best fishing our family had known. While they were at it, they channeled most of the creek away from our cabin, something we always attributed to our family's having protested some of what was being done in the area.

My most formative childhood experiences were at the cabin and the area around it. So it was a logical place to go just out of college, and I spent the winter of 1974 there alone, a virtual hermitage during which I decided what I wanted to do with my life. The winter in the forest was healing and enlightening. I hiked throughout the area and came to know it from an adult perspective. By spring I emerged with a passion to go to graduate school, begin a family of my own, and dedicate myself to educating a new generation to care about the earth and other peoples and cultures.

After graduate school one of my first jobs was in North Portland in the late 70's, directing a latchkey program for black children. The first time I took the young teenage staff to the cabin, and then camping at Breitenbush Lake, I realized the severe disconnect between their lives and what I had experienced, even though we

were born in the same neighborhood. None had ever been to a national forest or off of paved roads. This was their land, public land, but certainly no one had ever informed them, they had no sense of ownership or even welcome. They asked things like, "What if someone finds us here?" I taught them to sing, "This land is your land, this land is my land." Soon it became their passion as well as mine to take younger kids camping in the Cascades, lying out under a night sky with all flashlights off to gaze into the Milky Way, to quiet fears rather than tell frightening stories. To find welcome in the embrace of nature and its many voices and sounds. To help kids catch fish for the first time, to learn about birds beyond robins and starlings, to watch deer drinking at the edge of a fog enshrouded lake. To see wild trees in their natural diversity of age and species.

I haven't the space here to recount similar stories of my siblings and cousins, who all have their own experiences with the cabin, the formative events of their childhoods and wanting their own children connected to it. Or the sizeable circle of friends who have had a part in its upkeep and legacy. Even if the future generations are city dwellers, the cabin is the window to non-city life, as we have no family farm roots. We are all drawn to camping, outdoor pursuits and remain connected to the forest, enjoy eating huckleberries and wild greens, knowhow to build and put out a fire, keep a sanitary camp, fish, clear a rockslide or downed tree out of the road, not get lost, clean up after themselves-lessons learned from time around the cabin. It is a natural classroom and testament to a bit of wisdom and we have benefitted from this arrangement, and I believe the nation has as well.

There is a problem however. One of the characteristics of our family with its Quaker and Mennonite heritage is that it lives simply. Doesn't go in for luxuries. Doesn't spend money on vacations or travel other than to see family. We would never have had this transforming experience if it hadn't been for its low cost. Our cabin should be send for what it is, a rustic retreat rather than a luxury holiday home, on land held in public trust because of intrinsic rather than commercial value. We have been able to cover fees to date by passing the hat among us, but now the amount may triple. I don't understand appraising this land as anything other than forest, and forest from which the marketable timber has already been harvested. I don't understand paying the full commercially appraised value over and over every twenty years, which would amount to three times over the nearly 60 years we have used it. I don't want to own this land-it is public, and should remain so. We are limited in the ways in which we can use it, and none of these is incompatible with trees growing back in the density it was before harvest, a time I still remember well.

If the new fee structures are fully implemented our family will have to abandon this treasure, especially as my generation retires and the next will come to view it as a luxury/burden. This family and the world it touches will become more citified as a result.

So thank you to those wise and foresighted enough to create and preserve public lands and wilderness, programs to encourage their sustainable use, the political will to preserve some of what has always been here so that it always will be. It is a truly wonderful and unique place, positioned as it is on one of the divides between what is left of the great western primeval forest, and former forest lands turned into Douglas fir farms with their rows of identical trees. Time there does transform people, as we can attest.

So, if you have made it this far you will know this is not primarily a complaint but a thank you. A very opinioned but heartfelt thank you for having improved the quality of our lives so immeasurably. And a plea to whomever will listen to value and protect these lands and programs for the good of all, and not just for those who could afford cabins anywhere.

So, on behalf of my grandparents, their three children and spouses, my generation-12 grandchildren and their spouses, more than 20 great grandchildren and their growing number of spouses and soon to be an even more sizeable next generation, plus in-law families and more friends than we would have ever had without this cabin:

In humble gratitude,
Wesley Voth, 11796 Hwy. 36, Mapleton, OR 97453

Exhibit 3D

ECHO CHALET, INC.

9900 Echo Lakes Road

Echo Lake, Ca 95721

Summer: Phone: 530-659-7207, Fax: 530-659-7035

Winter (Off-Season): Fax: 530-620-7207

www.echochalet.com

echochalet-since1939@earthlink.net

April 7, 2010

Joanne Howard, President
Echo Lakes Association

Dear Ms. Howard:

I am writing to you regarding a bill before congress (HR 4888) pertaining to recreation residences on Federal land.

As you may recall, at many gatherings over the past 25 years, I have reminded the Echo Lake permittees that they provide almost 50% of the Chalet's revenue. To this end, were their support to somehow cease the Chalet would no longer be a viable business operation.

I would be happy to validate that statement for anyone who so wishes. A cursory review of gross revenue from 2005 through 2009 shows the cabin owner's billings (charges only, not cash sales) to have been over 45% of the total. This figure does not include any of their family, friends or house guests who have not established a charge account.

Many of our higher revenue sources are essentially cabin-owner dependent, including boat and motor sales, service, and storage, reserved parking and boat slips, security patrols, propane and fuel sales, construction and maintenance work. These areas could not be supported by the general public.

The symbiotic relationship of the Chalet and the cabin owners has existed since the business began in 1939 and I have personally observed it for over 55 years. What must not be understated is the fact that such consistent support is the only thing that allows us to continue to operate and to serve the general public.

The ever-increasing cost of doing business in California, not to mention the current economic slump, has created a very fragile environment. If, for whatever reason, the cabins ceased to exist, or the owners failed to support the Chalet, we would be forced to curtail or terminate many activities and our business economics would likely resemble all too many California homes. I recall that the Medshallah corporation, from whom I purchased the resort in 1984, was about to declare bankruptcy and walk away. Such action would have tied the business up for quite some time, and was largely due to the fact that they had no sense of community and failed to establish any kind of rapport with the cabin owners.

ON ECHO LAKE . . . GATEWAY TO DESOLATION WILDERNESS AREA

OPERATED UNDER PERMIT OF U.S.F.S. - LAKE TAHOE BASIN MANAGEMENT UNIT

Medshallah and previous owners let the Chalet deteriorate to an almost irreversible degree.

Our family has put heart, soul, and lots of money into bringing it up to high standards of performance and service. I, for one, would certainly hate to see that end.

For the record, my family began vacationing at the USFS *Firs Campground*, near the entrance to Echo Lakes road, in 1952, and purchased a cabin on the road in 1954. That year I began working at the Chalet (age 14) and continued through the summer of 1962. I obtained my medical degree at the University of Rochester in 1968 after which I returned to California for post-doctoral training, teaching, and private practice (cardiology and primary care). From 1968 until 1984 I continued to visit Echo Lake and stay with some of the friends I had made in earlier years. In 1984, while on a brief vacation, I heard that the Chalet might be for sale and acquired the business later that fall. Over the interim 25 years we have rebuilt, repaired and improved virtually every aspect of the operation. The Chalet's history is outlined on our website.

It is my understanding that the *Cabin Coalition* has worked very hard to put together a solution that would allow the recreation residence program to be viable and fair to the public and the Forest Service.

My business would be irreversibly damaged if the cabin program were to expire. This would impact many critical services we provide including boat taxi service to the Desolation Wilderness trailhead, our community post office (which is heavily utilized by Pacific Crest Trail thru-hikers), as well as recreation, lodging, and emergency services for the public. It would severely limit the public's ability to enjoy and access the Desolation Wilderness Area.

I sincerely hope our elected representatives appreciate the good stewardship of permittees and the vital role they, and the Chalet, have in supporting the public's enjoyment of this great natural resource.

Sincerely,



Thomas R Fashinell, MD, FACC
Owner / manager

Cc: Senator Dianne Feinstein
Congressman Tom McClintock

Exhibit 3E

Exhibit 3E

JACKSON HOLE
REAL ESTATE
 ASSOCIATES
Exclusive Affiliate of
CHRISTIE'S GREAT ESTATES

February 11, 2010

RE: National Forest Summer Home permit fees

To whom it may concern,

I am writing today to express my concern about the rising annual permit fees for the use of public lands, specifically the NFS summer home program.

I have been a Realtor in Jackson Hole, Wyoming for over eighteen years. During this time I have listed and sold more NFS summer homes than any other Realtor in the region. When I first discovered this wonderful program, Wyoming families mostly owned the nineteen Turpin Meadow Summer Home cabins. In fact, most had owned their cabin for at least two generations and their families spent the entire summer in residence.

As real estate prices increased so did the annual permit fee. Within ten years more than half the cabins owners had listed and/or sold, as permit fees became more than they could afford. By 2004 the real estate values and permit fees became so high that no cabin owner has been able to sell since.

Having dealt with many potential Buyers, I fully understand their thought and decision making process. The first hurdle to overcome is leasing property from the government, and the fact they cannot use it as a permanent residence. This usually eliminates 80% of the Buyers. The ones that can wrap their mind around the program usually have no problem with the lack of winter access and size limitations, but are now being turned off by exorbitant permit fee. When I first became familiar with this program it was easy to justify the permit fee, as the lack of property taxes usually made it a wash. Today, permit fees are can be four times the typical property taxes.

In the last two years three summer home families have tried to sell their cabin. None have succeeded. In fact showings have completely dried up. While the price is still attractive, when Buyers find out how expensive the fees are (or going to be) they laugh and then go away. If the government's goal is to stop this program then they are doing a great job. If they are still committed to this program then the way of determining the permit fee has to change to allow those fees to become more affordable.

While the government can blame the recent recession, and down turn in the market, this excuse cannot be used when looking at the years between 2004 and 2007. In the Turpin Meadow Summer Home area high permit fees are the #1 reason Buyers have shied away.

Speaking for my current summer home clients; I strongly urge the government to revamp the permit fees so these families can continue to enjoy our public lands for generations to come.

Thank you for your time,



David Viehman, Owner/Associate Broker
 Devon Viehman, Owner/Sales Associate
 Jackson Hole Real Estate Associates, LLC
 Exclusive Affiliates of Christies Great Estates
 The Jackson Hole Report
 toll-free: (888)733-6060 x9941
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 ALPINE, WY 83128

Exhibit 3F

491 N. Main Street, Suite 102
PO Box 7248
Ketchum, ID 83340
Office 208.622.3400
Fax 208.622.3800

To Whom It May Concern:

My name is Jason Roth and I am an Associate Broker with Coldwell Banker/Previews International/Conklin & Co. in Ketchum Idaho. I have been a licensed Realtor in Blaine County, Idaho since 2000. I have knowledge of and experience with the market value of fee simple real property, of recreational residence lots and of cabins and improvements on Forest Service lots in Blaine County, Idaho.

During 2008/2009, I have held three listings on cabins in the Valley View Summer Home Tract in the Sawtooth National Forest. I also own a cabin in that same tract, and previously provided data on comparable lots to the Forest Service contract appraiser in 2007.

I have shown all three cabin listings to several prospective buyers over the course of the 2008 and 2009 selling seasons (May-Oct.). In total, we have had one of the listings under contract (deal failed) and have received another offer to purchase from a different Buyer. With every showing, talks and negotiations faltered when it was disclosed to the prospective Buyers that the possible new annual fee at Valley View might range from \$4,500-\$6,200.

Nobody can dispute that we remain stalled out in a harsh and unprecedented economic downturn. However, it is my opinion that this fact might be but a minor factor concerning the marketability of the usually in-demand cabins at Valley View. These cabins are not recession proof. However, the unrealistic, unreasonable and wholly unsustainable annual fee increase threat has, in my opinion, rendered cabin values (and cabin owners) severely damaged.

I also dispute some people's claims that, if left unchecked, the higher fees would create a 'haven for the rich'. By and large, these folks didn't get that way by doing dumb things. A \$5,300-\$6,200 yearly fee to "rent" a heavily-restricted lot that you can only access 5-6 months out of the year is a deal-killer for any astute potential cabin owner.

I continually review comprehensive studies of property values based on extensive data from real estate sales in Blaine County. I am qualified to provide professional opinions regarding the fair market value of real property, as well as recreational residence lots, cabins and related improvements in Blaine County.

Regarding the 2008 Valley View appraisal, it is my belief that the Forest Service failed to provide an accurate reflection of the fair market value of a vacant lot. Additionally, property values in Blaine County have plummeted since 2007, further clarifying the unrealistic appraisal value. Finally, the proposed 2010 and forward annual base fee is so large that it renders the permit holder's cabin virtually unsalable.

Respectfully,

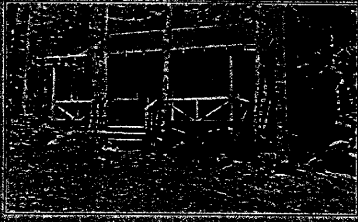
 Date: 2/19/10

Jason P. Roth
Associate Broker

Exhibit 3G

The Public Benefits of the Recreation Residence Program

In looking at the future of the Recreation Residence Program (14,000 cabins spread across 25 states), the broad economic impact and forest stewardship associated with these cabins is especially relevant. Sustaining and enhancing recreation opportunities for the public is a stated goal of the Forest Service. Since inception in 1915, the Cabin Program has fulfilled this goal by providing family-oriented recreation opportunities while generating revenue for the U.S. Treasury.



Over 5.1 million recreation visitor days typically occur each year on the small footprint of the Cabin Program (< .003 % of National Forests). Over 68% of the typical cabin visits include one or more kids. Educational and recreational activities for kids are often provided to all forest visitors. Expenditures by cabin owners and guests benefit, not only the federal government, but local and state governments and local businesses as well. In many forests, cabin communities support and provide services that enhance the public's recreation experience as well as enhance the quality of life in rural communities.

Local economies receive over \$110 million each year from the Cabin Program. Cabin owners purchase food, staples, improvement and repair items, participate in area recreational activities and frequent area restaurants. In addition, cabin owners donate funds to local churches, rescue services and volunteer their time as firemen, museum and kiosk docents, and more, in total injecting locally more than \$7,600 annually per cabin. The very existence of the local Lodge, grocery store or restaurant often depends on cabin owners and their visitors for support. Surprisingly, even emergency facilities and utilities are provided by some cabin communities to the public, Forest Service and others, which otherwise would be difficult to maintain or support in these rural communities.

Annual government revenues of about \$34 million are generated nationally. Property taxes, special use permit fees and other access fees total almost \$2,400 annually for the average cabin. Plus, direct business expenditures for utilities and various insurances cost on average about \$1,600 each year. This amounts to an additional \$24M each year, much of which benefits rural businesses and utility providers dependent on cabin business.

Forest stewardship, as a family value, is nurtured by the cabin program where the average cabin is host to over three generations. Cabin owners, their families and guests are frequent participants in activities such as mitigating invasive plant species, litter removal, recycling, improving water systems and assisting in fire fuels reduction. The cabin community volunteers an estimated 192,975 hours annually (valued at \$4.2M) for trail maintenance, forest restoration, fire and rescue and other services to the forest and its visitors.

Cabin owners are valuable resources. Secretary of Agriculture, Mr. Tom Vilsack, has stated, "It is essential that we reconnect Americans across the nation with the natural resources and landscapes that sustain us." Cabin owners, their families and friends are already connected with Mr. Vilsack's vision. They continue to play a vital role in the health of our rural communities and our National Forests, furthering the goals of the Forest Service and enhancing public services and recreation experiences where cabin communities exist.

Mr. GRIJALVA. Thank you, sir. Mr. Richard Almy, cabin owner, Seattle, welcome. I look forward to your comments.

**STATEMENT OF RICHARD D. ALMY, CABIN OWNER,
SEATTLE, WASHINGTON**

Mr. ALMY. Thank you. Good morning. Thank you for the opportunity to speak with you today.

My name is Dick Almy, and my family's cabin at Lake Wenatchee on the Okanogan and Wenatchee Forests in Washington State is the cabin to which Mr. Anderson referred to a moment ago.

I will be talking about how the Cabin Fee Act of 2010, or the Act, can remedy problems cabin owners face regarding how cabin fees are determined for the Recreation Residence Program. This program is a longstanding valid use of the national forest, but is being threatened by the fee-setting process under the Cabin Fee User Act of 2000, commonly referred to as CUFFA.

The current use of fee-simple land appraisal to set value has not worked for over 40 years. The current use of fee-simple land—excuse me. Illustration 1C on page 9 of my written testimony summarizes a comprehensive recreation land-lease study, and shows that the fees under CUFFA far exceed the national average for similar uses, whereas fees set by the Act better reflect market rents.

The relationship between cabin owners and the government is complex due to the interdependent equity interests, whereby the permittee owns the cabin, whereas the government owns the land. Both location and cabin influence market rents and sale prices. And separating these two influences is both difficult and subjective.

The Act, which is supported by 93 percent of cabin owners, acknowledges the real nature of the program, with interdependent interests, and offers a new and badly needed approach. The Act will simplify and improve the fee-setting process. It will encourage better relationships with the Forest Service, and reduce administrative workload and expenses.

The Act institutes a reasonable annual user fee that incorporates the influence of cabin location by establishing a transfer fee upon sale. The Act provides fair compensation to the U.S. taxpayer, while recognizing that cabin owners bring value to the land and the location at their expense. Cabin owners must maintain the site, remove dangerous trees and non-native vegetation, and they often provide and pay for utility infrastructure, including power, water systems, septic and sewer systems.

Illustration 1D on page 9 compares the Act to the current fee-determination process as implemented through CUFFA. Our conclusions through this analysis include the following.

The data indicates that almost 35 percent of cabin owners will reach their affordability break point in the current CUFFA cycle. When these folks can't sell, we estimate roughly 15 percent, a comment mentioned earlier, of cabins, or roughly 2100, will have to be torn down or removed at the owner's expense. U.S. Treasury revenue loss will be approximately 30 percent of total revenue, or around \$12 million, while state governments, local governments, and communities will suffer. Cabin losses will also reduce donated labor and forced stewardship provided by cabin owners.

The Act establishes an affordable user fee, indexed annually, that helps maintain cabin value, and does not destroy the ability to sell the cabin if the current owner chooses not, or cannot, pay the fee. Instead of fees ranging from \$125 to an astonishing \$76,000 annually under CUFFA, the annual user fee will range from \$500 to \$4,000 per year.

A transfer fee will capture any value influence of the cabin lot's location on the national forest, and is paid if that value is actually realized upon sale. This fee addresses the possibility of unwar-

ranted profits, which is an issue you heard from Joel Holtrop just now.

Cabin owners will have full knowledge of the indexed annual user fee, and both the seller and buyer can factor the transfer fee into their pricing at the time of sale.

The Act provides comparable long-term annual revenues to the U.S. Treasury after consideration of cost savings by elimination of appraisals and revenue lost from abandoned cabins if CUFFA stands unchanged. Eliminating appraisal costs will save the Forest Service nearly \$1 million annually. The complexity and expense of the appraisal process is replaced with a cost-effective fee system, and program administration will be simplified and adequately funded from fees retained to cover costs.

Mr. Chairman and members of the Subcommittee, the Act is a solution that works for all parties.

In summary, the Cabin Fee Act of 2010 ensures the long-term viability of the Recreation Residence Program, and produces cabin permit fees that are affordable and determined by the cabin market; are simple, understandable, and predictable; are revenue-neutral, maintaining current revenues, and a fair return to the U.S. taxpayer; address complexities of independent ownership interests; impose fees when benefits are actually received; and maintain the ability to sell cabins.

We ask for your support of this legislation. Thank you.

[The prepared statement of Mr. Almy follows:]

Statement of Richard D. Almy, Past President, Lake Wenatchee Homeowners Association, Former Director, National Forest Homeowners, Member, Cabin Coalition 2

Recreation Residence Permit Fees on the National Forest

Introduction of the Problem

In the late 1960's, the Forest Service revised their rules for establishing fees for Recreation Residence special use permits from a flat fee to a fee based on the appraised value of the lots, multiplied by 5%. Since that time, all three intervening appraisal cycles have resulted in repeated problems and numerous cabin owner appeals. Congress has been approached before to address the severe impact of a flawed fee-setting process.

The current process for determining a fee for the right to own and use a recreation residence on National Forest System land does not reflect the value of what is actually received. The Cabin User Fee Fairness Act of 2000 (CUFFA) was drafted with the intent of establishing a fair fee by including the permit restrictions in the appraisal valuation of the lot. The sponsor of the legislation, Senator Larry Craig reaffirmed this in his letter to Undersecretary Mark Rey on July 2, 2008. However, the law, as enacted, allows for a Forest Service implementation that ignores the negative impact of the restrictions. In short, CUFFA fails to value the actual use.

Senator Craig: "As original sponsor of the Cabin User Fee Fairness Act, I would like to bring to your attention some problems in its interpretation that are having adverse impact on some special use permit holders. Because of the Forest Service's exclusion of some property attributes, cabin lot appraisals are being made that seem to be much higher than the market values of such properties should be."

"I believe the text of the law is clear, and it was definitely my intent, to ensure the fair and consistent appraisal of cabin values in order to set cabin use fees using relevant market factors. The lack of an open market for these special use cabins is an obstacle for setting an appropriate fee, but the law's text as well as basic common sense can shed light on what market factors to consider and what the appropriate end results should be. Unfortunately, current Forest Service protocol evidently does not adequately consider the myriad restrictions in force on the appraised lots, which are market factors that would depress the valuation of these lots on the open market."

An often heard argument, in support of the current fee determination system under CUFFA, takes the position that, even with very high fees, some cabin owners can profit enormously at the time of sale. They argue that the profits are due to the location of the cabin, rather than the structure. It is said that high annual fees compensate the U.S. Taxpayer for those sale profits. In effect, the cabin owner pays a higher than market annual fee to adjust for a projected future profit. This logic assumes that a cabin can sell regardless of the fee. However, market evidence does not support this conclusion. Cabins in forests across the nation are currently finding no buyers because of the high fees and the uncertainties about the fee setting process. The loss of cabins due to unaffordable fees and the inability to sell is real and the consequences are severe (Exhibit 1A, Realtor Summary).

The many conditions and restrictions (Exhibit 1B) imposed by the permit and Forest Service guidelines are excluded from the appraisal valuation process and, the Forest Service argues, are included in the historic 5% multiplier that is applied to the fee simple appraised lot value to set the annual fee. The appropriateness of this 5% multiplier to fee simple valuation remains unsupported by the Forest Service and does not adequately adjust for the limited term of the permit, a limited bundle of rights, the lack of investment risk to the U.S. government, nor the substantial differences between the cabin program and other public and private markets in determining a fair market value for this use. There is a vast difference between the bundle of rights held by an owner of property in fee title and the handful of privileges and significant liabilities a cabin owner confronts under the terms of the Special Use Permit. The Comparison of Recreational Home Site Leases, a National Forest Homeowners study completed in January 2010 (Exhibit 1C), clearly confirms this point and further demonstrates that CUFFA-determined cabin fees far exceed "market" rates when compared to similar leased (or permitted) recreation land uses. The Cabin Fee Act of 2010 (CFA), in contrast, would establish rates that more fairly reflect "average market rates and revenues".

The appraisal process that was employed before CUFFA 2000 and appraisal results under CUFFA have resulted in unfairly high fees. CUFFA was purportedly the answer, but resulted in the same old process. It was not an improvement. Cabin owners are not complaining about having to pay higher, -based fees, but do object to unfairly high fees determined by a flawed fee-setting process under CUFFA.

The Economic Impact Survey, Final Report, National Forest Homeowners, April 2009, demonstrates that the vast majority of cabin owners are middle class. Survey data confirms that there are many cabin owners with annual CUFFA fees starting at \$5,000 and they go up from there. These folks are not wealthy and very much fit the picture of average Americans. The mischaracterization of cabin owners as wealthy, which is sometimes heard and based on some very high profile exceptions, diverts the conversation away from the real issue, which is appraisal subjectivity and the extreme variation in annual fees under CUFFA, that range from \$125 to \$76,000 for a recreation residence permit holder's restricted use of public lands. Furthermore, an individual's financial status or "ability to pay" should not be the litmus test for determining a fair fee for a use, as has been often heard. In fact, such an argument carried to its logical conclusion, implies eventually that only the very rich would have access to these cabins. Illustration 1A demonstrates these concerns.

The data in Illustration 1A were provided by Ted Freeman, Chief Appraiser of the Forest Service (Feb. 2010). They are from current CUFFA appraisals, representing approximately 44% of the nearly 14,000 recreation residences nationally. Of these completed appraisals (6,727), more than 35% have seen fee increases of 200% or higher. Also notable is that 19% of the new fees exceed \$5,000, 8.5% exceed \$7,000 and 3.7% exceed \$10,000. Over 29% are at or above the national breakpoint. These very high fees have resulted in cabin owners requesting and paying for second appraisals. In many cases, these second appraisals have produced results considerably different than the original appraisal, demonstrating the inconsistencies and subjective nature of this process.

An example of this occurred near Wilson, Wyoming on the Black Canyon tract (Illustration 1B). The initial CUFFA appraisal resulted in an annual fee of \$27,250. The second appraisal, paid for by the cabin owner (\$4,000), resulted in a fee of \$19,250. In this case, the District Ranger decided to average the two for the final fee determination of \$23,250. Regardless of which appraisal is used, either of these fees is clearly unaffordable and has completely depressed any sale possibilities at Black Canyon. In this example, the consequences of the appraisal process and the vagaries of CUFFA are devastating to these cabin owners.

When annual fees reach the \$4,000 - \$6,000 range, the affordability and desirability of the Program for many cabin owners is lost, especially considering that many of these cabins have limited seasonal access (some less than three months) and limited or no utilities. (Some cabin owners must even carry their human waste

home with them!) If an owner is forced to sell, we often find that the high fee can depress the sale price of the cabin. In some areas, these high fees have already made cabins unmarketable. The short story is, the costs outweigh the benefits and no buyer (however wealthy) is inclined to buy a cabin facing such fees. The May 2007 auction at Lake Wenatchee resulted in no bidders at an opening price of \$50,000. Also, we often hear that people of wealth did not become wealthy because of poor financial decision making. Furthermore, as fees keep escalating and marketability dries up, a perverse incentive is created to stop maintaining or investing in the cabin. This incentive is not in anyone's interest.

We believe that without change to the current fee-setting mechanism, that at least 15% of cabins (2,100) will be lost due to the inability to sell and inability to afford the fee. This cabin loss would lead to a 30% loss of revenue (\$12M) to the government, because it is those cabins with "higher than market" fees that will be lost (refer to illustration 1A) and this is only in the current appraisal cycle. What will the consequences be in the next round of appraisals, if the flawed fee-setting process is allowed to continue? Will another 15% of the cabins be lost when those owners are unable to sell? We believe the very existence of the Recreation Residence Program is threatened.

Though certainly well intended, CUFFA failed to achieve a consistent and fair fee determination process. Congressional action is necessary, particularly in these times of economic stress and strain, to correct the problem once and for all and sustain the opportunity for family-oriented recreation through the Recreation Residence Program. In the absence of such action, the Recreation Residence Program will dwindle and family legacies will be lost. The demonstrated Program benefits for the public and Forest Service will also be lost and forest stewardship by cabin owners eliminated. We seek Congressional support to re-evaluate the fee-setting process and enact the Cabin Fee Act of 2010 (CFA) that comprehensively addresses these concerns with objective, fair and appropriate solutions and avoids the consequences of doing nothing.

Deficiencies of the Appraisal Process or "Why CUFFA doesn't work."

CUFFA attempts to define "market value" within the appraisal process. However, the process compares the permitted cabin lots to fee simple ownership of land, effectively ignoring the negative restrictions imposed by the permit and its inherent risks. This approach results in an inflated "market price" for such a restricted use. The 5% factor, said by some to appropriately adjust for the restrictions, is not sufficient. Simply changing the percentage will not produce fair results, either. The 5% factor results in cabin owners paying for the full fee simple value of the land every 20 years, but never owning the land. Interestingly, we have heard field comments made by Forest Service appraisal staff that the 5% factor is probably too high. However, lowering it still does not solve the problem overall and would substantially reduce program revenues.

A fee that is based on a lower percentage may be fair at the high end but unfair at the low end. Conversely, a fee that may be fair at the low end will result in a fee that is unjust at the high end. Commonly, the geographic proximity of resort areas unfairly results in high fees for modest cabin tracts. The Comparison of Recreational Land Lease Study clearly demonstrates that the CFA produces above "average market revenues" for similar leased (or permitted) recreation land use and that CUFFA fees far exceed "market" rates as depicted in Illustration 1C.

An appraisal paradigm has many deficiencies. Below is a short list of a few of the more important deficiencies of the appraisal process. These deficiencies add to administrative headaches for the Forest Service and cabin owners alike.

- It does not provide adequate adjustments for severe use restrictions that are imposed by the term special use permit and Regional and National FS guidelines.
- It is a subjective process using opinions of value that vary from one appraiser to the next. How rigorous the process varies Forest to Forest, based on an individual's interpretation of the data and attitude toward the Program. Upon second appraisals, District Rangers can choose the original appraisal, the second appraisal or something in between. We have seen examples of all these responses.
- It fails to account fully for the limited season of use in many areas. Some cabins become accessible only after July 4th and heavy snow can fly in September. Others are adjacent to lakes with dams and face serious drawdowns beginning in September, resulting in a less desirable location.
- It requires vast amounts of time and preparations both by the cabin owner and the Forest Service. Commonly, 20 to 40 page documents have been prepared by cabin owners to present to contract appraisers, as preparation for the appraisal.

Add to this that the appraisal process itself, within a given Forest, often takes over six months to complete. The personnel and time costs are high.

- The process often requires repeat appraisals that lead to questionable conclusions. A glaring example just occurred on the Okanagon-Wenatchee National Forest, where implementation of the 1990's appraisal has been completely withdrawn due to lack of supporting documentation. We now have cabin fees around the nation being based on appraisals from the 1970's, the 1990's and the 2000's. This is not a system that is "fair" or "works".
- The entire appraisal cycle takes five to nine years to implement and must be repeated every ten years.
- The process is expensive, costing nearly \$1M annually.

The fact is that the ability to build and occupy a cabin on public land is subject to the requirements of a Term Special Use Permit. The cabin structure itself is the cabin owner's only property interest. The land remains owned by the public under the management of the Forest Service. A cabin owner does not have any sort of leasehold interest in the underlying land. Therefore, using a land value appraisal process to value the use of the land is a questionable process and poor application of logic.

Congress has recognized cabins as an appropriate and authorized recreational use since at least 1915, as one among many multiple uses of the National Forests. Most cabin owners are middle class and have small cabins (many are 800—1,200 sf) that are used as a family gathering place to pass on to children and grandchildren an appreciation for the outdoors, a connection to nature and good forest stewardship. The Recreation Residence Program provides an opportunity for members of the public to have cabins on the National Forest, but excessive and inconsistent pricing of this opportunity using the procedures under CUFFA is undermining the very purpose of the Program. CUFFA does nothing to further the availability of the Program to the general public or maintain long-term public interest and, we believe, puts the Program on a path to extinction.

Over 95% of cabin owner respondents to the 2009 NFH Cabin Sales and Appraisal Survey said that they were dissatisfied with the appraisal process under CUFFA. Concerns about the failure of CUFFA are nationwide. Also recognizing the problem, many Forest Service representatives in the field have suggested we seek legislative change to address the failure of CUFFA. Mr. James Sauser, USFS Region 6 Special Uses, has been quoted in news articles about the failures of the appraisal process: "The appraisals are time consuming and result in fees that are either too high or too low." (The Seattle Times, Sept. 9, 2009.) Finally, the 10-year appraisal cycle can take five years or more to implement. In fact, due to Forest Service budget deficiencies, the process in Region 5 is expected to take nine years to complete according to the Recreation Residence Assessment provided by the Pacific Southwest Region. Change is needed! We believe that constructive change is exactly what the CFA is all about.

Goals and Principles of the Cabin Fee Act of 2010 (CFA).

The relationship between cabin owners and the government is complex due to interdependent equity interests; the cabin owner owns the structure and the government owns the land. When a cabin is sold, both the land (location) and the structure influence the selling price. Separating these two influences, or equity interests, is difficult and subjective. There is no simple or absolute answer. The CFA, which is widely supported by cabin owners, acknowledges the difficulties of setting a Program with shared interests and offers a new approach!

The CFA institutes a predictable and affordable annual fee while addressing the location factor by establishing a Transfer Fee upon sale. The fee-setting process in the CFA acknowledges the need for fair compensation to the U.S. taxpayer. It also recognizes that cabin owners contribute to land and location values at their expense. In complying with the terms of the permit, cabin owners are responsible for removing nearby diseased or hazard trees, noxious and non-native vegetation and nearby wildfire fuels. Utility infrastructure, provided by the cabin owner, becomes part of the land, including water and sewage disposal systems. Further, on many Forests, cabin owner-purchased water rights are reverting to the land and government ownership!

The goal of the CFA is to ensure the long-term viability of the Recreation Residence Program.

To achieve this goal, the following basic principles guided and informed the writing of the CFA. The fee determination process for Recreation Residences on National Forest System Lands, as embodied in the Cabin Fee Act of 2010, must provide:

1. For the long-term viability of the Recreation Residence Program.

2. An affordable, but “market-determined” fee now and in the future for average Americans.
 3. A simple, understandable and predictable fee determination process (fee certainty).
 4. A revenue neutral process, that maintains current government revenues and guarantees a fair “market” rate of return to the U.S. Taxpayer for the use of public lands.
 5. A mechanism to address the complexities of shared interests in the Program, both on an annual use basis and upon sale of a cabin. An understanding of mutual shared interests relative to “location” must be a central and guiding consideration.
 6. For fees that are imposed when actual benefits are received. This applies both for the annual use and upon sale, when the actual market for cabins on National Forest System lands reveals the actual market value and the financial wherewithal is available to pay the Transfer Fee.
 7. For maintaining the ability to sell cabins at a fair and reasonable price.
- If the Cabin Fee Act of 2010 (CFA) becomes law, we submit that the following Program benefits will be greatly enhanced and encouraged.

Merits of the Cabin Fee Act of 2010

1. The documented and extensive forest stewardship work of cabin owners will be allowed to continue and be encouraged to expand on local Forests.
 2. The opportunity for genuine partnerships with the Forest Service will be further encouraged and enhanced through collaborative dialogue, thereby improving the overall process of administration and removing a material cause of conflict between the local Forest Service and cabin owners.
 3. Program administration will be simplified and adequately funded from fees retained sufficient to cover Forest Service costs.
 4. Sorely needed revenue streams to state and local governments will continue unabated.
 5. Support for local businesses and local employment will flourish, as cabin owners continue their regular patronage of nearby businesses, ensuring the viability of local rural communities.
 6. The U.S. Taxpayer are guaranteed a fair market revenue stream for the limited use of their public lands.
 7. The significant time delays of implementation are avoided.
 8. The windfall profits issue is eliminated.
- Refer to Illustration 1D, Comparison of the Cabin Fee Act to the current fee determination process as defined by CUFFA.

Comparison of CUFFA to the Cabin Fee Act

Loss of Cabins: The Sales Data and Appraisal Survey data show almost 30% of cabin owners will reach their breakpoint of affordability in the current CUFFA appraisal cycle. When these folks can't sell, we estimate roughly 15% of cabins (2,100) will have to be torn down or removed at the owner's expense. U.S. Treasury revenue loss will be approximately 30% of the total potential fees (\$12M) while local governments and communities will suffer. Cabin losses will also reduce donated labor and high quality forest stewardship provided by cabin owners.

Reasonable Annual Fee: The CFA establishes a User Fee, indexed annually from a rank order of current market data, but sets the fee at an affordable level that helps maintain cabin value and does not destroy the ability to sell the cabin if the current owner cannot or chooses not to pay this new fee.

Annual Fee Range: Instead of fees ranging from \$125 to the astonishing \$76,000 annually, the User Fees will range from \$500 to \$4,000 per year.

Transfer Fee: A Transfer Fee will capture any value influence of the cabin lot's location on the National Forest and is paid if that value influence is actually realized by the sale. This fee addresses the possibility of windfall profits, which is an issue raised by the Forest Service.

Predictability: Cabin owners will have full knowledge of the indexed annual User Fee, and both the seller and buyer can factor the Transfer Fee into their pricing at the time of sale.

Administrative Process: The complexity and expense of the long, drawn out appraisal process is replaced with a cost effective and simple fee-setting system; and Program administration will be simplified and adequately funded from retained fees sufficient to cover Forest Service costs.

Program Revenues: The CFA provides comparable long-term annual revenues to the U.S. Treasury after consideration of cost savings related to elimination of ap-

praisals and revenue not collected from cabins that will be lost from the Program if CUFFA stands unchanged.

Cost Savings to Forest Service: In addition to reducing the administrative workload, all appraisal costs are eliminated. This will save the Forest Service nearly \$1 million annually, plus the Forest Service will retain revenue from fees sufficient to cover the cost to administer the Program.

The Act is a solution that works for all parties.

Summary and Conclusions

The Recreation Residence Program is threatened. Thankfully, Congress has already made the commitment to the health of the Program by recognizing it as a valid use of the National Forests. The failures to correct the problems with the fee determination system have only recently been exposed under the current appraisals. Congressional action is therefore needed.

The Cabin Fee Act of 2010 offers a new approach that will simplify and improve the fee determination process. It will encourage local partnerships, collaboration and dialogue with the Forest Service while reducing the administrative burden and government expense. We are committed to a new direction and ask for your support of the Cabin Fee Act of 2010.'

Illustration 1A

Annual Cabin Fees as Determined under CUFFA Appraisals

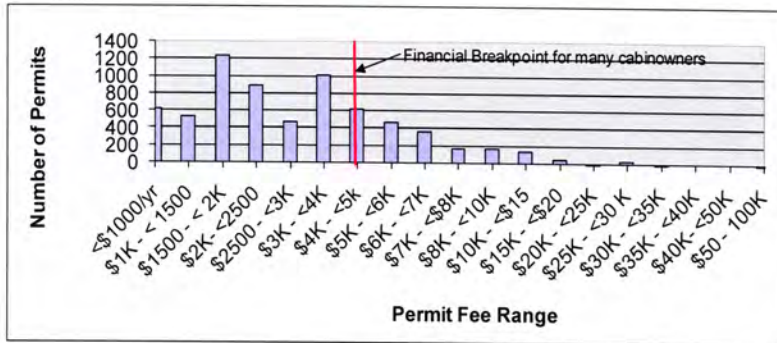


Illustration 1B

**Black Canyon Tract, Wilson, Wyoming
Annual CUFFA Fee \$23,250**



These cabins are not on a lake or river and have no view, no water and no electricity. They are accessed by a deeply rutted mud two-track road. The cabin on the right has been for sale for 3 years for less than \$125,000. Buyers have shown interest, but that interest vanishes once the \$23,250 fee is disclosed. The fee has destroyed all cabin value.

Illustration 1C

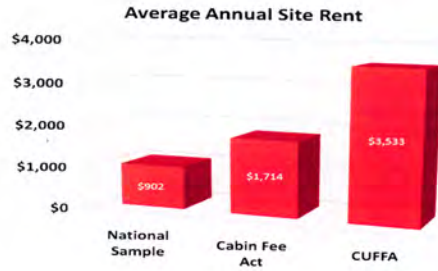


Illustration 1D

Comparison of the Cabin Fee Act to the current fee determination process as defined by CUFFA

| Standards | Current CUFFA | CABIN FEE ACT (CFA) |
|--|----------------------------------|---------------------------|
| Cabin Retention (est. cabins remaining by 2016) | 2,100 lost (11,900) | 100% Retained (14,000) |
| Average Annual Permit Fee (projected with full implementation) | \$1,571 (2010) \$3,533 (2016) | \$1,714 |
| Annual Permit Fee Range | \$125 - \$76,000 | \$500 - \$4,000 |
| Transfer Fee Upon Sale | No | Yes |
| Future Permit Fee Increases | High? | Modest |
| Predictable Fee | No | Yes |
| Administrative Process and Costs | Complex High | Simple Low |
| Program Revenue (2010 estimated) | \$22 Million | \$25 Million |
| Forest Service Cost Savings | No | Yes |

Exhibit 1A**Realtor Summary: Effect of CUFFA Permit Fees on the Health of the Recreation Residence Program**

Cabin owners in many parts of the country are having difficulty selling their cabins. It has been said that cabins are not selling due only to the current downturn in the real estate market. This is an easy answer with little need for justification because everyone knows the market is at historic lows. However, this fails to acknowledge the impact of unreasonably high fees on the Recreation Residence Program. To get an understanding of this impact, we contacted real estate professionals across the country to get their perspectives about cabin sales on Forest Service lands under the CUFFA appraisal process. Their letters are attached for your consideration.

These letters come from Arizona, California, Idaho, Montana, Nevada, Oregon, Washington, Wisconsin and Wyoming. The collective experiences clearly demonstrate that the current and anticipated high fees are unreasonable and negatively impact the ability to sell cabins. If current cabin owners cannot pay the fees and potential buyers are unwilling to pay them, cabin values and program revenues will decline. Long-term, these unreasonably high fees will threaten the very existence of this valued and valid program for family-oriented recreation.

Respectfully submitted,

National Forest Homeowners and Coalition 2

Letters attached from the following real estate professionals:

Everett J. Jones, Jr.; Everett J. Jones, Real Estate, Inc., Douglas, AZ
Carol Butler, Broker Owner; American River Canyon Realtors,
South Lake Tahoe, CA

Lori Akers, Realtor; Century 21 Jeffries Lydon, Chico, CA

Lynn Morton, Broker; Sierra Crest Real Estate, June Lake, CA

Patty Schwartzkopf, Realtor; Coldwell Banker Mammoth Real Estate,
Mammoth Lakes, CA

Chucker Twining, Broker Associate; Prudential California Realty, Twain Harte, CA

Jason T. Roth, Associate Broker; Coldwell Banker Conklin & Company,
Ketchum, ID

Elinor Williamson, Realtor; Clearwater Montana Properties, Inc., Seeley Lake, MT

Marianne Pearsall, Realtor; Coldwell Banker Select Realty, Incline Village, NV

Linda Barron, Broker; Cascade Realty at Crescent Lake, Crescent Lake, OR

Craig E. McKern, Appraiser, P.C.; McKern Appraisal, Eugene, OR

Barbara Bailey, Associate Broker; Puget Sound Real Estate, Tacoma, WA

Scott McKinney, Broker; McKinney Realty, Cable, WI

David Veihman, Owner/Associate Broker; Jackson Hole Real Estate Associates,
Jackson, WY

Ellen Linn, Associate Broker; Jackson Hole Real Estate Associates,
Jackson, WY

Exhibit IA (continued)

CONKLIN & COMPANY

491 N. Main Street, Suite 102
 P.O. Box 7248
 Ketchum, ID 83340
 Office 208.622.3400
 Fax 208.622.3800

To Whom It May Concern:

My name is Jason Roth and I am an Associate Broker with Coldwell Banker/Previews International/Conklin & Co. in Ketchum Idaho. I have been a licensed Realtor in Blaine County, Idaho since 2000. I have knowledge of and experience with the market value of fee simple real property, of recreational residence lots and of cabins and improvements on Forest Service lots in Blaine County, Idaho.

During 2008/2009, I have held three listings on cabins in the Valley View Summer Home Tract in the Sawtooth National Forest. I also own a cabin in that same tract, and previously provided data on comparable lots to the Forest Service contract appraiser in 2007.

I have shown all three cabin listings to several prospective buyers over the course of the 2008 and 2009 selling seasons (May-Oct.). In total, we have had one of the listings under contract (deal failed) and have received another offer to purchase from a different Buyer. With every showing, talks and negotiations faltered when it was disclosed to the prospective Buyers that the possible new annual fee at Valley View might range from \$4,500-\$6,200.

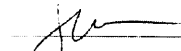
Nobody can dispute that we remain stalled out in a harsh and unprecedented economic downturn. However, it is my opinion that this fact might be but a minor factor concerning the marketability of the usually in-demand cabins at Valley View. These cabins are not recession proof. However, the unrealistic, unreasonable and wholly unsustainable annual fee increase threat has, in my opinion, rendered cabin values (and cabin owners) severely damaged.

I also dispute some people's claims that, if left unchecked, the higher fees would create a 'haven for the rich'. By and large, these folks didn't get that way by doing dumb things. A \$5,300-\$6,200 yearly fee to "rent" a heavily-restricted lot that you can only access 5-6 months out of the year is a deal-killer for any astute potential cabin owner.

I continually review comprehensive studies of property values based on extensive data from real estate sales in Blaine County. I am qualified to provide professional opinions regarding the fair market value of real property, as well as recreational residence lots, cabins and related improvements in Blaine County.

Regarding the 2008 Valley View appraisal, it is my belief that the Forest Service failed to provide an accurate reflection of the fair market value of a vacant lot. Additionally, property values in Blaine County have plummeted since 2007, further clarifying the unrealistic appraisal value. Finally, the proposed 2010 and forward annual base fee is so large that it renders the permit holder's cabin virtually unsalable.

Respectfully,

 Date: 2/19/10

Jason F. Roth
 Associate Broker

Exhibit IB

**Conditions and Restrictions Affecting
 Recreation Residence Special Use Permits**

Application to all permittees:

- The use of the cabin lot by the permittee is not exclusive. The only portion of the lot to which a permittee has exclusive use is the area underlying the cabin. The general public is free to use all land not physically occupied by the cabin.
- Can only obtain a permit for the right to keep improvements on Forest Service land for a maximum term of 20 years.
- Permit termination can be made for another use during that term, unlike a lease whose term is definite.
- In the event of permit termination by the Forest Service for some other use, although fees are ramped down, the improvements must be entirely removed at the expense of the permit holder. This expense is complicated by the remote na-

ture of the cabins. As a result, loans to finance the purchase of a cabin are nearly impossible to obtain.

- In the event that the Forest Service determines it needs the lot for another use, termination can happen in less than 10 years, resulting in a payment to the permittee of the “equitable” (determined by the Forest Service) value of improvements but avoiding the permittees’ expense to remove those improvements.
- Notwithstanding the non-exclusive right to use the lot to which the cabin is connected, the permittee is responsible for both on and off-lot liabilities, such as the removal of hazard trees.
- A cabin cannot be the permanent residence of its users. Neither can one be rented out except for a minimum time period, and then only after prior approval of the permit administrator.
- In the event of substantial damage or destruction, rebuilding is not assured. A new determination is made as to whether a new cabin should exist on that site, and it may take years before a decision is made. Further, there is an option to provide an alternative location, but such option is limited and entirely left to the permit administrator’s philosophy about recreation residences.
- The permit is never transferred. A new owner must apply to the Forest Service after the Bill of Sale is completed for a new permit. A cabin owner during the sale process cannot make binding representation that the Forest Service will re-authorize the use.
- If the recent changes to the permit prevail, the permit will be considered a ‘license’ and not a contract. In addition, all water rights held by the permittees are of questionable ownership. Rules are changed without notice or permittee input.
- Permit fees set by capricious and unpredictable process that often create undue stress and render cabins unmarketable.
- Permittees subject to O & M plan specifications that do not apply in private market.

Regional and Local Forest and/or Ranger Restrictions (vary from location to location):**

- Limit on size of cabin, varies region to region (900-1500 sq. ft.).*
- Limit on size of deck, porch/patio, varies region to region.*
- Cabin may have an open loft, but a full 2nd story is not permissible.*
- No guest cabin or auxiliary sleeping quarters.* One outbuilding for storage allowed, limit on size & varies by region.*
- Reconstruction or alteration of improvements requires advanced Forest Service approval: and all construction (including materials) must be reviewed in light of the National Historic Preservation Act, the Endangered Species Act (flora and fauna), the Clean Water Act, and archeological concerns. Inspection by all the people responsible for these areas of concern often takes a great deal of time.
- Exterior colors, including roofs, must have Forest Service approval. Location of and specification for materials protecting wood piles mandated.
- Fences/gates are not permitted. Satellite dishes are not permitted. Yard lights by approval only on buildings, no automated safety lights.
- No new permanent outdoor fireplaces are permitted. Fire rings of a temporary nature may be acceptable in some areas, while in others even a charcoal barbeque on a deck is prohibited.*
- Only native plantings are permissible. Minimal lawn area allowed in some cases.
- Removal of vegetation, including hazard trees only with Forest Service permission and at cabin owner’s expense.
- Local rules often conflict with fire-safe mandates.
- Any exterior repairs/alterations must have Forest Service approval, whether other governmental agencies’ requirements are needed or not, i.e. county building permits.
- Cabin owners assume all risk of loss to their improvements resulting from acts of God or from a catastrophic event. The Forest Service will conduct an analysis and determine if rebuilding will be allowed.

*Note: Existing improvements can currently remain if outside these guidelines. However, during replacement, maintenance and change of ownership of the cabin, and sometimes to obtain a new permit upon expiration of the prior permit, the Forest Service can require compliance with Forest Service standards. Requirements under the National Historic Preservation Act often result in limited ability to change the cabin in any way whatsoever. **Further Note: This listing is not all-in-

clusive, as local decisions can and often do impose additional restrictions on use, maintenance and exterior impacts.

Exhibit 1C

Comparison of Recreational Home Site Leases on behalf of the national forest homeowners and cabin coalition 2

We have gathered as much lease data as we could find through the Internet, NFH homeowners, public and private lessors and lessees, and other contacts. At times, we were able to talk to both lessee and lessor of a property. We often asked for their best estimates of items such as average fees. We did not try to sort through leases but added every lease we found with adequate information. Often leads on leases did not result in sufficient information and those leases were not included. There are undoubtedly many more leases to be found. These results do not cover all leases for some entities such as PacifiCorp, Pacific Gas & Electric, State of Montana, etc. But we believe this is a representative sample of leases throughout the United States.

At times we had to keep owners' names private to obtain their information. We felt the gain outweighed the loss of a specific name and location.

With the exception of CUFF A projected fees, all of the fees are for 2009. The projected average CUFFA fee at full implementation is based on current USFS appraisals and NFH's projection of the results of future appraisals. Having said that, we believe the average will be somewhat less because a significant number of homeowners will be unable to sell their cabins or to pay the fees on their cabins.

USFS cabin owners are permit holders, not lease holders, and the rights and privileges they enjoy are more limited and less valuable than those accorded lessees.

Interestingly, a few public lessors were less forthcoming with information than private lessors. We are appreciative of all the help we received; most were generous with their time and energy.

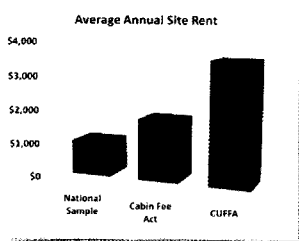
Barry & Karen Davis
Eagles Nest Tract, Humboldt-Toiyabe NF
40 Casper Drive, Cody, WY 82414
USFS Retired. Former Shoshone National Forest Supervisor.

Rob Scanland
Thomas Canyon Tract, Humboldt-Toiyabe NF
1300 Pinion Hills Dr., Carson City, NV 89702
Private and public appraisal work including USFS.

Exhibit 1C (continued)

Executive Summary

The basic premise under which we began this project is that as recreational home site users, we should be paying market rent for the rights, privileges and restrictions conveyed by our recreation site permit. The purpose of the attached Recreational Home Site lease survey is to provide a yardstick, which can be used to judge whether the current USFS-CUFFA fee model is a good indicator of market rent. It has been our experience, in the real estate market, that over a period of time market rent is a more stable factor than property value. This is a flaw in the current USFS-CUFFA fee model. Looking back over the last decade we have all seen property values rise precipitously and in many cases fall just as sharply. Over the same period of time, real estate rents have also moved up and down, but generally at a much more gradual rate. The following twenty lease comparables provide a random sample of what market site rent is over a broad cross section of the country. The leases provide a range of public, quasi-public and private lessors, and a variety of lease features, lease tenure and site amenities. In some ways, the leases surveyed are comparable to the USFS-CUFFA permit and fee model and in others they vary significantly. For this summary we have elected to look at the leases in aggregate and make some observations, both in comparison to the USFS-CUFFA permits and to the proposed Cabin Fee Act (CFA).



The comparable lease survey information represents 11,538 recreational home site leases. The weighted average¹ annual site rent is \$902. This represents a national sample of current market site rent. The USFS-CUFFA fee model, based on the 2007-2009 appraisal cycle, represents 14,000 site permits. The weighted average annual site rent under CUFFA (when fully implemented) is projected to be \$3,533. The proposed Cabin Fee Act (CFA), also for the USFS 14,000 site leases, will result in a weighted annual average of \$1,714 per site. This can be seen illustrated in the bar graph.

The national site lease sample data gathered shows that the current market rent is substantially lower than what the USFS-CUFFA model requires. The proposed Cabin Fee Act (CFA), although still higher than the national sample, does a better job of estimating an appropriate site rent by removing the highly variable element of

property value from the market rent determination.

The comparisons demonstrate several other issues as well. First, most cabin leases are not as restrictive as permits on National Forest System lands. Certainly, some of the fee rate differences appear justified when restrictions are taken into account. The severest restrictions are not allowing the site to be used as a permanent dwelling and limiting the size of the structure. Second, high fees, say above \$3000, are rather limited in this sample and represent leases where restrictions are minimal and amenities are very high. Those above \$3000 are lakefront properties on premier lakes. On the other end are the timbered cabin sites at Lake Cushman, WA that lease for \$158 per year.

¹ The weighted average is obtained by multiplying the individual lot fees times the number of lots. The results are added and then divided by the total number of lots.

EXHIBIT 1C CONTINUED

Summary Comparison Table (Page 1 of 2)

Page 3

| No. | Property Owner | Site Status | Location | No. Lots | Weighted Avg. Fee per Year | Fee Adjustments | Lease Length | Annual Fee Range | Basis of Fee |
|-----|------------------------|-------------|--|----------|----------------------------|-------------------------|--------------|--------------------|-----------------------------|
| 1 | Tacoma City Light | Public | Lake Cushman, WA | 3,200 | \$158 | CPI (every 5 yrs.) | 99 yrs | \$130 - \$584 | User Fee (A) |
| 2 | St. of Washington | Public | North Woods, Swift Reservoir, WA | 210 | \$1,906 | CPI (every 10 yrs.) | 100 yrs | \$1,800 - \$2,500 | User Fee |
| 3 | St. of Montana | Public | Placid and Seeley Lakes, MT | 179 | \$2,842 | CPI + RE index (annual) | 15-25 yrs | \$1,500 - \$7,000 | 5% appraised Fee Value |
| 4 | St. of Montana | Public | Flathead, Echo, McGregor, & Rogers Lakes, MT | 127 | \$5,183 | CPI + RE index (annual) | 15-25 yrs | \$2,500 - \$6,000 | 5% appraised Fee Value |
| 5 | St. of Idaho | Public | Payette Lake, ID | 167 | \$8,097 | Appraised every 5 years | 10 yrs | \$1,500 - \$24,000 | 2.5% County appraisal |
| 6 | St. of Idaho | Public | Priest Lake, ID | 354 | \$8,000 | Appraised every 5 years | 10 yrs | \$6,000 - \$10,000 | 2.5% independent appraisal |
| 7 | St. of Wyoming | Public | Statewide | 20 | \$1,000 | CPI 10 year moving avg. | 25 yrs | \$1,000 - \$2,300 | 5.5% Estimated Value |
| 8 | St. of Utah | Public | Statewide | 30 | \$1,500 | Not Known | 20-30 yrs | \$1,000 - \$3,000 | 3.5% State appraised |
| 9 | St. Louis County, MN | Public | St. Louis County, MN | 1,260 | \$395 | CPI (periodic) | Annual | \$300 - \$500 | User Fee |
| 10 | State of Pennsylvania | Public | Statewide | 4,000 | \$200 | Periodic new fee | 10 yrs | \$200 | User Fee |
| 11 | Bureau of Reclamation | Public | Lake Conconully, WA | 82 | \$900 | New fee every 5 years | 20 yrs | \$900 | Not Known |
| 12 | Bureau of Reclamation | Public | Alcova Lake, WY | 100 | \$3,250 | New fee every 5 years | Annual | \$2,750 - \$4,000 | 5% Appraised Value |
| 13 | Pacific Gas & Electric | Private | Bucks Lake, CA | 71 | \$2,577 | Annual | 10 yrs | \$2,200 - \$2,600 | Appraised less restrictions |
| 14 | Pacific Gas & Electric | Private | Philbrook Lake, CA | 44 | \$1,250 | Annual | 10 yrs | \$1,200 - \$1,300 | Appraised less restrictions |
| 15 | Minnesota Power | Private | St. Louis, Cass, Morrison, & Lake County, MN | 1,500 | \$800 | Annual | 30 yrs | \$100 - \$2,000 | 2.5% County appraised |
| 16 | PacifiCorp | Private | Merwin Lake, WA | 40 | \$12,000 | CPI | 15 yrs | \$8,000 - \$15,000 | % times Est. Fee Simple |
| 17 | PacifiCorp | Private | Northwestern Lake, WA | 55 | \$5,643 | CPI | 5 yrs | \$3,000 - \$6,000 | Negotiated User Fee |
| 18 | Private Rancher | Private | Northeastern Nevada | 5 | \$1,000 | None | 14 yrs | \$1,000 | User Fee |
| 19 | Private Family | Private | Sierra Mountains, Northern CA | 81 | \$1,869 | Annual | Annual | \$1,825 - \$2,125 | User Fee |
| 20 | Private Rancher | Private | Northern CA | 13 | \$275 | Fixed | 99 yrs | \$275 | User Fee |
| | | | Combined Public/Private Totals | 11,538 | \$902 | | | | |
| | FS CUFFA (gross) | Public | National | 14,000 | \$3,533 | IPD-GDP + reappraisal | 20 yrs | \$125 - \$76,000 | 5% appraised Fee Value |
| | CFA (proposed) | Public | National | 14,000 | \$1,714 | IPD-GDP + Transfer Fee | 20 yrs | \$500 - \$4,000 | User Fee |

(A) User Fee is the lessor's fair market return on the use of the site.

16

EXHIBIT 1C CONTINUED

Summary Comparison Table (Page 2 of 2)

Page 4

| No. | Property Owner | Location | Property Owner Restrictions | | | |
|-----|------------------------|--|-----------------------------|---------------------------|-----------------------|----------------------|
| | | | Permanent Occupancy | Public Access | Structure Size Limit | Special Restrictions |
| 1 | Tacoma City Light | Lake Cushman, WA | Yes | No | No | Few |
| 2 | St. of Washington | North Woods, Swift Reservoir, WA | Yes | No | No | Few |
| 3 | St. of Montana | Placid and Seeley Lakes, MT | Yes | Restrictive public access | No | Few |
| 4 | St. of Montana | Flathead, Echo, McGregor, & Rogers Lakes, MT | Yes | Restrictive public access | No | Few |
| 5 | St. of Idaho | Payette Lake, ID | Yes | Yes | No | Few |
| 6 | St. of Idaho | Priest Lake, ID | Yes | Yes | No | Few |
| 7 | St. of Wyoming | Statewide | Yes | No | No | Very Few |
| 8 | St. of Utah | Statewide | Yes | No | No | Very Few |
| 9 | St. Louis County, MN | St. Louis County, MN | No | Yes | Yes | Moderate |
| 10 | State of Pennsylvania | Statewide | No | Yes | Yes | Many |
| 11 | Bureau of Reclamation | Lake Conconully, WA | No | Yes | Yes-stay in footprint | Moderate |
| 12 | Bureau of Reclamation | Alcova Lake, WY | No | Yes | Yes | Few |
| 13 | Pacific Gas & Electric | Bucks Lake, CA | Yes-but not practical | No | Yes | Moderate (B) |
| 14 | Pacific Gas & Electric | Philbrook Lake, CA | Yes-but not practical | No | Yes | Moderate (B) |
| 15 | Minnesota Power | St. Louis, Cass, Morrison, & Lake County, MN | Yes-with permission | No | No | Moderate |
| 16 | PacifiCorp | Lake Merwin, WA | Yes | Yes | No | Moderate |
| 17 | PacifiCorp | Northwestern Lake, WA | Yes | Yes | No | Moderate |
| 18 | Private Rancher | Northeastern Nevada | Yes | No | No | Very Few |
| 19 | Private Family | Sierra Mountains, Northern CA | Yes-but not practical | No | Yes | Few |
| 20 | Private Rancher | Northern CA | Yes-but not practical | No | No | Very Few |
| | FS CUFFA (gross) | National | No | Yes | Yes | Many |
| | FS UF/TF (proposed) | National | No | Yes | Yes | Many |

(B) Can be asked to leave in 180 days

Mr. GRIJALVA. Mr. Peter Bailey, Board of Directors, National Forest Homeowners, welcome.

**STATEMENT OF PETER D. BAILEY, BOARD OF DIRECTORS,
NATIONAL FOREST HOMEOWNERS, TACOMA, WASHINGTON**

Mr. BAILEY. Thank you, Mr. Chairman and members of the Committee. My name, as you said, is Pete Bailey, and my family cabin is located on the Olympic National Forest in the State of Washington.

In my testimony today I will address the permit fee structure and program revenue resulting from the Cabin Fee Act.

The proposed Act includes an annual user fee and a transfer fee paid when a cabin is sold or transferred. Illustration 2A on page 8 of the written testimony explains the annual user fee.

Five fee tiers will be established, replacing the current CUFFA fee structure. The user fees were determined by balancing the rights and privileges that all permit holders share, regardless of location, while acknowledging the location does influence the value of the permitted use.

This balance of common rights and differences for location yields a fee structure where the highest fee is eight times the lowest fee. This contrasts with the fees under CUFFA, where the highest fees are more than 100 times greater than the lowest fees.

The Cabin Fee Act requires the assignment of each permit to one of these fee tiers. Though not perfect, the rank order of current appraised values provides a basis for this assignment.

The lowest 10 percent of appraised lot values are assigned to the \$500 tier. The highest 5 percent are assigned to the \$4,000 tier. Following this process, user fee revenue is projected to be about \$24 million for the first year. These fees are adjusted annually by a rolling average of the IPD/GDP index. This broadly used Department of Commerce index provides for a reasonable, straightforward method of increasing fees annually, while ensuring user fees keep pace with the market.

Illustration 2B explains the transfer fee. The transfer fee has two components. First, the \$1,000 collected for all cabin sales and transfers. If the sale price exceeds \$250,000, an additional 5 percent of the sale price exceeding 250, up to \$500,000, is applied. Plus for sale amounts exceeding \$500,000, an additional 10 percent is applied.

For this fee projection, annual cabin sales and prices per range were determined by our survey last fall. We project transfer fee revenue to be approximately a million dollars for the first year. When we combine the annual user fee and the transfer fee, we project total revenue of \$25 million in the first year. This compares favorably with Forest Service projections of \$22 million under CUFFA this year.

In my written testimony, a 10-year projection of program revenue from the Cabin Fee Act and CUFFA is illustrated. This comparison reflects net 10-year program revenue of \$276 million, under the Cabin Fee Act, which compares favorably the net program revenue of \$267 million under CUFFA for the same period.

We can expand on this comparison of fee structures to the broader market of public and private cabin lease programs. A market survey concluded this fall that included over 1100 cabins compared programs similar in nature to the Forest Service Recreation Residence Program. We believe this survey fairly represents the market

for similar cabin programs, and further validates the use of public forest lands for recreation residence purposes.

While user fees range widely due to variations in permit and lease terms and location considerations, the average user fee was less than \$1,000. This is considerably less than the average fee of \$1,700 under the Cabin Fee Act. We offer this as further evidence that the proposed fee structure provides a fair return to the U.S. Government, and is based upon sound market principles.

With predictable and affordable fees under the Cabin Fee Act, we expect all 14,000 current permits to remain active, keeping the Forest Service program within the reach of a typical American family.

By contrast, while CUFFA is expected to provide similar total revenue over time, we project the high fees and uncertainty will result in a decline in the number of permit holders under CUFFA to less than 12,000 over the next decade. Thus, reducing the typical American family's participation in this program.

This same pattern of permit loss is likely to be repeated in future appraisal cycles, further eroding the Recreation Residence Program.

To summarize, the strength of the Cabin Fee Act is its simplicity. The simple and straightforward fee structure provides long-term predictability and affordability for the cabin program, plus provides significant administrative time and cost savings to the Forest Service. These cost savings allow for the redeployment of Forest Service resources away from managing appraisals, reappraisals, and permit fee appeals, to a more productive delivery of programs and public services.

The Cabin Fee Act provides a true win-win outcome for the cabin owner and the Forest Service, while providing market rents for the U.S. taxpayer.

We thank you for the support of this legislation.

[The prepared statement of Mr. Bailey follows:]

**Statement of Peter D. Bailey, National Forest Homeowners,
Director, Cabin Coalition 2 Steering Committee**

Permit Fee and Program Revenue Overview

Introduction

The Cabin Fee Act of 2010 (CFA) includes both an annual User Fee and a Transfer Fee that is applied when a cabin is sold or otherwise transferred. The tiered annual User Fee pays for the rights granted by the permit that every cabin owner receives, while addressing the costs to administer the Program and the relative value differences due to location. The Transfer Fee (percentage of the sale price) also addresses the value influence of the cabin site location and attempts to capture some location or site values that exceed the value of the structure alone at higher sale prices. We believe the location differences, site variability and the impact of the permit restrictions on value are best captured when a cabin sells, when the market determines value. This Transfer Fee also provides for payment when funds are available from the sale of the cabin. With established User Fee tiers and fixed Transfer Fee percentages, this approach provides future predictability and affordability for the Cabin Program long-term plus easy and consistent administrative procedures for both the Forest Service and permit holders to follow.

Five annual User Fee tiers are established under the CFA, ranging from \$500 to \$4,000, replacing the current fee structure under CUFFA. The User Fee tiers were determined by balancing the user rights and privileges of the permit, which are equally applied to all permit holders regardless of location, with the recognition that location and associated recreation amenities do influence the value of the permitted use. The CFA places the vast majority of the annual User Fees in the \$1,000 to

\$3,000 range, which we believe represents the fair market value of the permitted use. Fewer permits are assigned to the \$500 and \$4,000 levels which recognize those User Fees where location and/or recreational amenities may be substantially lower than, or higher than, a typical cabin site. This balance of common rights with differences for location yields a fee structure where the highest fee is eight times the lowest fee. This contrasts with the current fees under CUFFA where the highest fees are more than 100 times greater than the lowest fees.

Converting from the CUFFA-based annual permit fees to the CFA 5-tier User Fees requires the assignment of each permit to one of the fee tiers. We recognize there is no perfect method of assigning the current permits to the User Fee levels. After consideration of various alternatives, we determined the use of quantifiable information offered the best method for dividing the 14,000 permits into the five fee tiers. While the current appraisal system under CUFFA is subject to much criticism, we believe using the permit holder's most recent appraised lot value, ranked in order from the lowest appraised value to the highest appraised value provides a basis for assigning each permit to a fee tier. The 10% lowest appraised lots are assigned to the \$500 level, the next higher 35% are assigned to the \$1,000 level, the next higher 40% are assigned to the \$2,000 level, the next higher 10% are assigned to the \$3,000 level, with the highest 5% assigned to the \$4,000 level. Because 85% of the permits are assigned to the affordable range of \$1,000 to \$3,000, the imperfections of the actual appraised values are not likely to cause major inequities with the assignment of permits to fee tiers.

The following discussion refers to Illustration 2A.

- a. The fee tier assignment is made by using the relative order of the most recent appraised value of each permitted lot. Permitted lots with the 10% lowest appraised values will be assigned to the \$500 level, while permitted lots with the 5% highest values will be assigned to the \$4,000 level.
- b. The resulting "normal distribution" of fee tier assignments follows the same general distribution of values found in the current cycle of Forest Service appraisals.
- c. The vast majority of permit holders would pay a CFA User Fee of the same or lesser amount compared to fully implemented CUFFA permit fees, based on the current appraisal cycle. A relatively small number of permit holders, those at the very lowest levels, would pay slightly higher fees under CFA, than under CUFFA.
- d. This mix of permits to fee tier levels generates sufficient annual Program revenue to the U.S. Government to replace expected net revenues under CUFFA.
- e. The annual User Fees are adjusted each year by the changes in the Implicit Price Deflator for Gross Domestic Product (IPD-GDP) index, published by the Bureau of Economic Analysis of the Department of Commerce.
- f. Two objectives of the CFA are affordability and long-term predictability. The fee structure established achieves both these objectives and is annually adjusted to compensate for inflation. The CFA provides for affordable, predictable fees going forward, unlike the current appraisal methodology which could have dire impact every ten years.
- g. The User Fee total Program revenue is projected to be \$23.8M for the base year of 2010, assuming the legislation becomes effective beginning this year.

The following discussion refers to Illustration 2B.

- a. The projected number of cabins sold per year is 3% of the total or approximately 420 cabins. (Sales Data and Appraisal Survey Report, National Forest Homeowners & Cabin Coalition 2, November, 2009.)
- b. The Transfer Fee projections use average sale prices from five ranges of cabin sales.
- c. The percentage of cabins sold per range and the average sale price within each range were determined from the Sales Data and Appraisal Survey, conducted by the NFH & Cabin Coalition 2 during the fall of 2009.
- d. A Transfer Fee of \$1,000 is assessed for all cabin sales, plus an additional amount equal to 5% of the sale price that exceeds \$250,000 up to \$500,000, plus an additional amount equal to 10% of the sale price that exceeds \$500,000.
- e. The \$1,000 Transfer Fee is intended to cover the Forest Service administrative costs and provide for a "location factor" for cabin sales under \$250,000, where the location factor in the sale price is considered minimal. The \$250,000 amount was arrived at by estimating reproduction costs associated with typical cabins. Most Forest Service Regions restrict the size of the cabin, usually within a range of 900 to 1,600 sq. ft. The cost of construction can range from \$125 to \$300 per sq. ft., depending on the quality of construction, materials used, and the remoteness of the location. For cabins designated as historic, reproduc-

tion costs can increase substantially. Some areas provide easy access, others require long distance travel for supplies and labor and still others are accessed only by water, on foot or by pack animal. The cabin owner also bears the cost of infrastructure improvements, such as utilities. Using an average of 1,200 sq. ft. and an average cost of \$200 per sq. ft., we arrive at a figure of \$240,000 (1,200 sf. ft. x \$200), rounded up to \$250,000 for site improvements.

- f. For a cabin selling for more than \$250,000, it's difficult to determine how much of the sale price may be associated with location, compared to actual and intrinsic value of the cabin property itself. The design, artistic characteristic, materials, and historic value of the cabin structures may be valued differently from one prospective purchaser to another. While it's difficult to arrive at any precise formula, we generally believe cabins sold for very high prices are more likely to contain location value as a component of the sale price, thus justifying higher Transfer Fees above the \$250,000 level.
- g. Using the Transfer Fee formula, the projected number of sales, and average cabin sale prices, the projected total Transfer Fee revenue is \$1,013,750 for the base year 2010, which is approximately 4% of the projected total Program revenue.
- h. Over 50% of the annual Transfer Fee revenue will be generated from the top 10-15% of cabin sale prices, supporting the premise that values for location are more likely present where sale prices are substantially higher than average or typical cabin sale prices.
- i. When the Transfer Fee revenue is combined with the User Fee revenue, the Total Program Revenue under the CFA is approximately \$24.8M for the base year of 2010. This amount compares favorably with the Forest Service projection of \$22M for 2010 under CUFFA. The Forest Service Revenue Projection was provided to Senator Feinstein last summer 2009 upon her request for the information. (Exhibit 2A)

The following discussion refers to Illustration 2C.

- a. The annual IPD-GDP index of 2.4% used for the projections is based on the average of the last 25 years.
- b. The CUFFA Gross Revenue projections were provided by the Forest Service for years 2008-2014. The projected amount for 2016 was interpreted from the Forest Service statement "the agency projects \$40 million in annual fees upon full implementation. The last appraisals will be reviewed in FY 2012 and will begin a 3-year phase-in in FY 2014." The projected revenue amounts for 2017-2019 were calculated by applying the IPD-GDP index increase over the previous year fee amount.
- c. Under CUFFA, some permit fees will increase beyond the level the current or any prospective permit holder would be willing or able to pay. The number of abandoned permits is projected to increase steadily as higher fees are implemented from the current CUFFA appraisal cycle. Upon full implementation of CUFFA, approximately 2,100 permits, or 15% of the total, are projected to be lost due to high fees as determined from the Break Point analysis found in the Sales Data and Appraisal Survey Report. (Exhibit 2B)
- d. The CUFFA Net Revenue is determined by subtracting the revenue lost due to abandoned permits from the gross CUFFA revenue projections. Because abandoned permits generally occur at higher fee ranges, the projected revenue loss is approximately twice the percentage of permits lost. The amount of Program revenue loss under CUFFA is projected to reach 30% by 2016, the year CUFFA reaches full implementation.
- e. The annual Program revenues under the CFA increase each year by the IPD-GDP index of 2.4%. All 14,000 permits are expected to be retained under the CFA by keeping annual user fees within an affordable range.
- f. The total CFA Net 10-Year Program Revenue of \$276M compares favorably with the projected CUFFA Net Revenues of \$267M.
- g. Applying a discount rate of 3.75% (10-yr treasury rate) to the 10-year revenue streams of both programs yields a Net Present Value (NPV) of the CFA Program Revenues that is approximately \$8M greater than the NPV of the CUFFA Program Revenues for the same period.

The following discussion refers to Illustration 2D.

- a. This summary, based on the Comparison of Recreational Home Sites Leases, National Forest Homeowners, January, 2010, provides us with a method for comparing the Forest Service Recreation Residence Program to other programs with a similar use. While the authors make no representation that the study includes all such programs, we believe their best effort survey offers a reasonable representation of the market for recreation residence programs in the United States.

- b. While no two programs are identical, a number of similarities exist. Each program provides the permit holder with the right to maintain a recreation residence on forest land in return for an annual fee. The market study focused primarily on programs using public lands, while also including several programs on private lands where terms were similar to the public land programs. Over 11,000 cabin lots are represented.
- c. Several observations can be made when comparing to the Forest Service Recreation Residence Program:
 - While all programs have use limitations, some programs allow greater use (exclusive use of land, permanent residency, no dwelling limitations, etc.), while others are more restrictive. The Forest Service permitted use appears to be among the most restrictive when compared to other programs.
 - Some programs use appraisal methods to set annual fees while other programs use alternative methods to achieve the same end. Non-appraisal based user fees are found more often (>70% lots).
 - Where non-appraisal based user fees are found, most adjust (increase) fees annually via a price index.
 - Where appraisals are used, most programs attempt to use a fair market approach to value the land, then apply a rate factor to arrive at an annual user fee:
 - CUFFA was the only appraisal method found with specific instructions to exclude value adjustments for permit restrictions and limitations placed on land use, thus resulting in higher appraised amounts.
 - Rates for determining annual fees range from 2.5% to 5.5%, placing the Forest Service CUFFA 5% rate at the higher end of the range.
 - While a wide range of user fees is found due to variations in the permit/lease terms and location considerations, the average annual user fee is less than \$1,000 for the 11,000 lots represented by this study. If we limit the analysis to public lands only, the average annual user fee remains less than \$1,000, considerably less than average fees under CUFFA or the CFA.

Permit Fee and Program Revenue Summary

The Cabin Fee Act of 2010 provides a permit fee structure that is affordable and predictable for the cabin owner, while ensuring a fair return to the U.S. Government. The total program revenue under the CFA compares favorably to the total program revenue under CUFFA, not only for the base year of 2010, but over a period of time as reflected in the ten-year program revenue projection.

The annual User Fees for 2010 under the CFA range from \$500 to \$4,000, with an overall average of \$1,700, over 70% higher than the national average user fee for a recreation residence lot with a similar use, on lands held for a similar purpose. We offer this as further evidence that the CFA fee structure provides more than fair return to the U.S. Government and is based on sound market principles.

Under the CFA fee structure, we expect all 14,000 current permits to remain active, keeping the Forest Service Recreation Residence Program within reach of the typical American family. By contrast, while the CUFFA fees are expected to provide total program revenues similar to the CFA fees, it does so with a decline of permit holders to less than 12,000 over the next 5-6 years based on the current appraisal cycle, thus reducing the typical American family's participation in the Recreation Residence Program. This same pattern of permit loss is likely to be repeated in future appraisal cycles, eroding the Recreation Residence Program still further over time.

We understand that the number of second appraisals and permit fee appeals has risen considerably under the current CUFFA appraisal cycle, increasing administrative costs to the Forest Service, while potentially reducing services to the public. This increase in Forest Service Administrative costs was discussed in the Recreation Residence Assessment, Pacific Southwest Region, USDA Forest Service, June 10, 2009, Updated November 12, 2009. The elimination of on-going appraisals will yield substantial administrative cost savings to the Forest Service, potentially exceeding \$1M annually. The proposed CFA provides the opportunity for the Forest Service to redeploy resources resulting from these cost savings into more productive delivery of programs and services to the public.

The strength of the Cabin Fee Act of 2010 is its simplicity. The simple and straight forward fee structure provides future predictability and affordability for the Cabin Program long-term plus easy and consistent administrative procedures for both the Forest Service and permit holders to follow. The CFA provides a true win-

win outcome for the cabin owners and the U.S. Forest Service. We thank you for your support of this legislation.

Illustration 2A

Projected Annual Program Revenue from User Fees

2010 Base Year

| Tier | % by Tier | No. of Permits | User Fee | User Fee Revenue |
|--------------|-------------|----------------|----------------|---------------------|
| 1 | 10% | 1,400 | \$500 | \$700,000 |
| 2 | 35% | 4,900 | \$1,000 | \$4,900,000 |
| 3 | 40% | 5,600 | \$2,000 | \$11,200,000 |
| 4 | 10% | 1,400 | \$3,000 | \$4,200,000 |
| 5 | 5% | 700 | \$4,000 | \$2,800,000 |
| Total | 100% | 14,000 | \$1,700 | \$23,800,000 |

Illustration 2B

Projected Annual Program Revenues from Transfer Fees

2010 Base Year

| Cabin Sale Range | % of Cabin Sales | No. Cabin Sales | Avg Cabin Sales Amt | Transfer Fee Per Sale | Transfer Fee Revenue |
|-----------------------|------------------|-----------------|---------------------|-----------------------|----------------------|
| < \$100,000 | 40% | 168 | \$65,000 | \$1,000 | \$168,000 |
| \$100,001 - \$200,000 | 35% | 147 | \$155,000 | \$1,000 | \$147,000 |
| \$200,001 - \$300,000 | 15% | 63 | \$275,000 | \$2,250 | \$141,750 |
| \$300,001 - \$500,000 | 8% | 34 | \$400,000 | \$8,500 | \$289,000 |
| \$500,001+ | 2% | 8 | \$700,000 | \$33,500 | \$268,000 |
| Total | 100% | 420 | | | \$1,013,750 |

Illustration 2C

Ten-Year Total Program Revenue Projection, comparing CFA with CUFFA

(\$ Millions)

| Year | IPD-GDP % Index | CUFFA Gross Revenue | Est. No. Permits Lost | CUFFA Net Permits | CUFFA Net Revenue | CFA Net Revenue |
|---------------------------------------|-----------------|---------------------|-----------------------|-------------------|-------------------|-----------------|
| 2008 | | \$14.6 | | | | |
| 2009 | | \$20.0 | | | | |
| 1 2010 | 0.0% | \$22.0 | 0.0% | 14,000 | \$22.0 | \$24.8 |
| 2 2011 | 2.4% | \$24.0 | -2.5% | 13,650 | \$22.8 | \$25.4 |
| 3 2012 | 2.4% | \$26.0 | -5.0% | 13,300 | \$23.4 | \$26.0 |
| 4 2013 | 2.4% | \$32.0 | -7.5% | 12,950 | \$27.2 | \$26.6 |
| 5 2014 | 2.4% | \$35.0 | -10.0% | 12,600 | \$28.0 | \$27.3 |
| 6 2015 | 2.4% | \$37.5 | -12.5% | 12,250 | \$28.1 | \$27.9 |
| 7 2016 | 2.4% | \$40.0 | -15.0% | 11,900 | \$28.0 | \$28.6 |
| 8 2017 | 2.4% | \$41.0 | -15.0% | 11,900 | \$28.7 | \$29.3 |
| 9 2018 | 2.4% | \$41.9 | -15.0% | 11,900 | \$29.4 | \$30.0 |
| 10 2019 | 2.4% | \$42.9 | -15.0% | 11,900 | \$30.1 | \$30.7 |
| Total 10-Year Program Revenues | | | | | \$267.6 | \$276.7 |
| Net Present Value of 10-Year Revenues | | | | | \$217.5 | \$225.6 |

Illustration 2D

Comparison of Recreational Home Sites Leases

| No. | Property Owner | Land | Location | No. Lots | Weighted Avg Annual Fee | Fee Range Annual | Lease Length | Fee Adjustment | Basis of Fee | Restrictions |
|--------------------------------|------------------------|---------|--|----------|-------------------------|--------------------|--------------|--------------------------|-----------------------------|--------------|
| 1 | Tacoma City Light | Public | Lake Cushman, WA | 3,200 | \$158 | \$130 - \$584 | 99 yrs | CPI Index (every 5 yrs) | User Fee | Few |
| 2 | St. of Washington | Public | North Woods, Swift Reservoir, WA | 210 | \$1,906 | \$1,800 - \$2,500 | 100 yrs | CPI Index (every 10 yrs) | User Fee | Few |
| 3 | St. of Montana | Public | Placid and Sleafy Lakes, MT | 179 | \$2,842 | \$1,500 - \$7,000 | 15-25 yrs | CPI + RE Index | Moving to User Fee* | Few |
| 4 | St. of Montana | Public | Flathad, Echo, McGregor, & Rogers Lakes, MT | 127 | \$5,138 | \$2,500 - \$6,000 | 15-25 yrs | CPI + RE Index | Moving to User Fee* | Few |
| 5 | St. of Idaho | Public | Payette Lake, ID | 167 | \$8,097 | \$1,500 - \$24,000 | 10 yrs | Appraisal (every 5 yrs) | 2.5% County appraised | Few |
| 6 | St. of Idaho | Public | Prine Lake, ID | 354 | \$8,000 | \$6,000 - \$10,000 | 10 yrs | Appraisal (every 5 yrs) | 2.5% ind. appraised | Few |
| 7 | St. of Wyoming | Public | Statewide | 20 | \$1,000 | \$1,000 - \$2,300 | 25 yrs | CPI 10-yr moving avg | 5.5% Estimated value | Very Few |
| 8 | St. of Utah | Public | Statewide | 30 | \$1,500 | \$1,000 - \$3,000 | 20-30 yrs | Not Known | 3.5% State appraised | Very Few |
| 9 | St. Louis County, MN | Public | St. Louis County, MN | 1,260 | \$395 | \$300 - \$500 | Annual | CPI Index (periodic) | User Fee | Moderate |
| 10 | St. of Pennsylvania | Public | Statewide | 4,000 | \$200 | \$200 | 10 yrs | Period new fee | User Fee | Many |
| 11 | Bureau of Reclamation | Public | Lake Concessally, WA | 82 | \$900 | \$900 | 20 yrs | Appraisal (every 5 yrs) | 3.75% Appraised value | Moderate |
| 12 | Bureau of Reclamation | Public | Alcoa Lake, WY | 100 | \$3,250 | \$2,750 - \$4,000 | 20 yrs | Appraisal (every 5 yrs) | 5.0% Appraised value | Moderate |
| 13 | Pacific Gas & Electric | Private | Bucks Lake, CA | 71 | \$2,577 | \$2,200 - \$2,600 | 10 yrs | Annual | Appraisal less restrictions | Moderate |
| 14 | Pacific Gas & Electric | Private | Philbrook Lake, CA | 44 | \$1,250 | \$1,200 - \$1,300 | 10 yrs | Annual | Appraisal less restrictions | Moderate |
| 15 | Minnesota Power | Private | St. Louis, Cass, Morrison, & Lake County, MN | 1,500 | \$800 | \$100 - \$2,000 | 30 yrs | Annual | 2.5% County appraised | Moderate |
| 16 | PacifiCorp | Private | Merwin Lake, WA | 40 | \$12,000 | \$8,000 - \$15,000 | 15 yrs | CPI | % Est. fee simple | Moderate |
| 17 | PacifiCorp | Private | Northwestern Lake, WA | 55 | \$5,645 | \$3,600 - \$6,000 | 5 yrs | CPI | Negotiated user fee | Moderate |
| 18 | Private Rancher | Private | Northeastern Nevada | 5 | \$1,000 | \$1,000 | 14 yrs | None | User Fee | Very Few |
| 19 | Private Family | Private | Sierra Mountains, Northern CA | 81 | \$1,869 | \$1,825 - \$2,125 | Annual | Annual | User Fee | Few |
| 20 | Private Rancher | Private | Northern CA | 13 | \$275 | \$275 | 99 yrs | Fixed | User Fee | Very Few |
| Combined Public/Private Totals | | | | 11,538 | \$902 | | | | User Fee | Very Few |
| | FS CUFFA (gross) | Public | National | 14,000 | \$3,533 | \$125 - \$76,000 | 20 yrs | IPD-GDP + reappraisal | 5% appraised value | Many |
| | FS CFA (proposed) | Public | National | 14,000 | \$1,700 | \$500 - \$4,000 | 20 yrs | IPD-GDP + Transfer Fee | User Fee | Many |

Exhibit 2A

**Forest Service Revenue Projection,
provided to Senator Feinstein by the Forest Service upon her request
(Summer 2009).**

Cabin User Fees

Question: What is the total annual cost to the Forest Service for administering the recreation residence program for each of the past five fiscal years, including projected costs for FY 2009? How many FTE does the program require? Please provide the basis for how the costs were calculated, and separate out direct and indirect costs.

Answer: The Forest Service accounting system does not distinguish the cost of performing recreation residence permit administration from the cost of processing and administering recreational permits overall. In FY 2009, the total for the administration of recreation special use authorizations is estimated at \$43.1 million and 338 FTEs. Of that planned amount, approximately \$6.7 million are indirect costs or about 15.5 percent. The FY 2009 estimate for administering recreation special uses overall is based on regions' capability data. The indirect cost estimate is based on FY 2008 actual expenditures and that same indirect cost percentage is applied to FY 2009 planned levels.

Question: What are the real and projected costs to the Forest Service for implementing the Cabin User Fee Fairness Act of 2000 for the past five fiscal years, including FY 2009? How much is budgeted for FY 2010? Please separate direct and indirect costs.

Answer: The cost of implementing the Cabin User Fee Fairness Act of 2000 (CUFFA) is reflected in the direct appraisal costs estimated at \$7 million from FY 2007 through FY 2012 and an additional \$1.3 million in indirect costs. CUFFA did not result in a significant increase in direct appraisal costs per appraisal cycle, but by requiring appraisals every ten years as opposed to the previous policy of every twenty years, CUFFA effectively doubled these costs. Indirectly, CUFFA resulted in a significant amount of time and money devoted to the writing of regulations, meeting with interested parties, and responding to the controversy generated by its implementation. However, there is no budget line item for CUFFA implementation, as it is part of overall recreation permit program costs.

Question: Specifically, what are the costs of new appraisals to implement CUFFA in Fiscal Years 2007, 2008 and 2009? What appraisal costs are budgeted for Fiscal Year 2010? What is the expected total cost of an entire appraisal cycle for all forests? Please explain how the overall CUFFA implementation costs and the appraisal costs were determined.

Answer: Costs of new appraisal are spread out from FY 2007 through FY 2012. Our accounting system does not split out these specific costs, but the agency has developed the following estimates based on known direct contract costs and review appraiser costs, and then projecting forward. An estimated additional \$1.3 million over FY 2007—FY 2012 is estimated for indirect costs.

(\$ thousands)

| Fiscal Year | Direct Estimate | Indirect Estimate | Total Estimate |
|--------------------|------------------------|--------------------------|-----------------------|
| 2007 | \$1,600 | \$300 | \$1,900 |
| 2008 | \$1,800 | \$300 | \$2,100 |
| 2009 | \$1,600 | \$300 | \$1,900 |
| 2010 | \$1,000 | \$200 | \$1,200 |
| 2011 | \$600 | \$100 | \$700 |
| 2012 | \$400 | \$100 | \$500 |
| Total | \$7,000 | \$1,300 | \$8,300 |

Question: How much revenue did the Federal Government receive from the fees paid for recreation residence permits in Fiscal Year 2008? Under current law and policies, how much revenue is the Federal Government projected to receive from fees paid for recreation residence permits in each Fiscal Years from FY 2009 to FY 2014?

Answer: In FY 2008, revenue received was \$14.6 million. Assuming there is little change in fees from second appraisals and assuming the increase indicated from the completed appraisals is representative for the whole, the agency projects \$40 million

in annual fees upon full implementation. The last appraisals will be reviewed in FY 2012 and will begin a 3-year phase-in in FY 2014. Breaking out the increase over the intervening years would indicate the following estimates.

FY 2009: \$20 million
 FY 2010: \$22 million
 FY 2011: \$24 million
 FY 2012: \$26 million
 FY 2013: \$32 million
 FY 2014: \$35 million

Exhibit 2B

NFH Sales and Appraisal Survey (Oct. 2009) Breakpoint Analysis

The “breakpoint” is the financial point where cabin owners cannot pay or will not pay the permit fee increases that result from the current CUFFA appraisal process. We assume sales attempts will occur and/or folks will walk away from their cabins. We believe that as fees exceed cabin owner breakpoints, some cabins will be sold, but other cabins will be added to the list of cabins already unsalable, due to their high current fee and the uncertainty in the existing CUFFA appraisal process. Permits abandoned will result in lost revenue.

In the following table the breakpoint average from the survey was \$3,190, with a range of \$200 - \$20,000. This is quite a range. Please note that some cabin owners are willing and able to pay fees above the \$5,000 level, but others are unwilling or unable to pay a fee that is less than \$1,500. Challenges to cabin owners exist across the spectrum. All non-zero responses (1263) to the breakpoint survey question are included in the following table.

Table 1: Breakpoint ranges

| Fee Range | # in range | Breakpoint Avg. | % of Total | %Cumulative |
|---------------------------|--------------|-----------------|-------------|-------------|
| \$100 - \$1,000 | 44 | \$698 | 3.5 | 3.5 |
| \$1,000 - \$1,500 | 137 | \$1,110 | 10.8 | 14.3 |
| \$1,500 - \$2,000 | 144 | \$1,568 | 11.4 | 25.7 |
| \$2,000 - \$3,000 | 352 | \$2,239 | 27.9 | 53.6 |
| \$3,000 - \$4,000 | 215 | \$3,130 | 17.0 | 70.6 |
| \$4,000 - \$5,000 | 120 | \$4,104 | 9.5 | 80.1 |
| \$5,000 - \$7,000 | 167 | \$5,248 | 13.2 | 93.3 |
| \$7,000 - \$20,000 | 84 | \$9,424 | 6.7 | 100.0 |
| Total/Avg./% | 1,263 | \$3,190 | 100% | |

What year will you reach your “Breakpoint”?

The following table suggests that at least 57.7% of cabin owners will reach the “breakpoint” in this appraisal cycle when fully implemented in year 2014 or 2015. This percentage probably overstates the reality on the ground because most people will try to ride out the process and hang on in hopes of success in changing CUFFA, which is already occurring in tracts appraised with high values in this cycle. The “Don’t Know” responses (41.1%) reflect the fact that about 40% of all cabins have yet to receive their CUFFA appraisals and cabin owners have no idea of the potential outcome. Uncertainty is inherent in this process.

Table 2: Breakpoint year

| | Percent | Number | Cumulative % |
|-------------------|---------------|--------------|--------------|
| 2009 | 5.6% | 73 | 5.6% |
| 2010 | 19.7% | 258 | 25.3% |
| 2011 | 19.1% | 250 | 44.4% |
| 2012 | 8.2% | 108 | 52.6% |
| 2013 | 3.1% | 40 | 55.6% |
| 2014 | 2.1% | 27 | 57.7% |
| Don't Know | 41.1% | 538 | 98.8% |
| Never | 1.2% | 16 | 100.0% |
| | 100.1% | 1,310 | |

Reasons given for reaching their Breakpoint or Walk-away point

- 34.7% couldn't afford the fee.
- 51.4% indicated the fee exceeded the value of the rights and privileges granted.
- 13.8% other

After deeper analysis of the "other" comments, we conclude that approximately 40% of cabin owners can't afford the fee, while 60% are unwilling to pay a fee they believe exceeds the value received.

Comparison of 2010 Estimated Fee to projected Breakpoint

The following table demonstrates that as fees exceed the \$4,000 level, at least 53.8% of the cabin owners will reach a point where they are unable or unwilling to pay the fee, they have reached their "Breakpoint". Plus, if CUFFA fees become fully implemented, these data suggests that 35.3% of all cabin owners will reach this point.

Table 3: Estimated Fees

| 2010 Est. Fees | # in Fee Range | # in Range where Fee > BP | % in Range where Fee > BP |
|------------------------|----------------|---------------------------|---------------------------|
| < \$1,000 | 72 | 5 | 6.9% |
| \$1,000-1,999 | 248 | 24 | 9.7% |
| \$2,000-2,999 | 142 | 33 | 23.2% |
| \$3,000-3,999 | 94 | 34 | 36.2% |
| \$4,000-4,999 | 78 | 42 | 53.8% |
| \$5,000-5,999 | 52 | 39 | 75.0% |
| \$6,000-6,999 | 39 | 33 | 84.6% |
| \$7,000-7,999 | 8 | 6 | 75.0% |
| \$8,000-8,999 | 28 | 24 | 85.7% |
| \$9,000-9,999 | 22 | 20 | 90.9% |
| \$10,000-14,999 | 23 | 19 | 82.6% |
| \$15,000-\$19,999 | 5 | 5 | 100.0% |
| \$20,000+ | 4 | 4 | 100.0% |
| Total Responses | 815 | 288 | 35.3% |

Breakpoint Data Summary

- The survey responses indicate that, without changes to CUFFA, 35% of cabin owners will reach their breakpoint or walk-away point in the current CUFFA appraisal cycle following full implementation of CUFFA. The recently passed temporary moratorium on fee increases greater than 25% may change this projection for 2010.
- 60% indicated the CUFFA fee exceeds the value of the rights and privileges granted. This number supports the contention that cabins will be very difficult to sell, because a potential buyer would likely reach the same conclusion. This is consistent with both anecdotal and hard evidence that cabins in some high-fee locations are difficult or nearly impossible to sell.
- These comparisons are made with data that is estimated and projected. This must be weighed and considered in the analysis. However, the data does clearly demonstrate that we have a serious problem in the immediate future if we are not successful in changing CUFFA. Even if the breakpoint response data is discounted by 50%, the implication remains that at least a 15% loss of cabins, in this appraisal cycle, is probable. The next section further illustrates this point.

Projected Impact on Revenue due to Permit Loss

The following table illustrates the amount of fee revenue loss that occurs when permits are lost. The “% Lost Permits” percentage is arrived at by reducing the survey results by 20% for each level and rounding to the nearest 10%. This adjustment yields a more conservative result by attempting to reduce or eliminate any cabin owner bias with the survey. The permit loss ranges from 30% for permits at the \$4,000-\$5,000 level, increasing to 80% for those fees greater than \$10,000. Extending the % permits lost by the average fee per range shows the revenue loss per level. The projected total revenue loss (38%) is approximately twice the number of permits lost (17%), supporting the 2-to-1 ratio of revenue loss to number of permits lost conclusion. Both percentages are rounded down to 15% and 30% for the CUFFA program revenue fee projections.

Table 4: Revenue Impact of Permit Loss

| 2010 Est. Fees | # in Fee Range | Avg Fee by Tier | Revenue by Tier | % Lost Permits | No. Lost Permits | Lost Revenue | Net Revenue |
|------------------------|----------------|-----------------|--------------------|----------------|------------------|----------------------|--------------------|
| < \$1,000 | 72 | \$766 | \$55,176 | 0.0% | 0 | \$0 | \$55,176 |
| \$1,000-1,999 | 248 | \$1,482 | \$367,475 | 0.0% | 0 | \$0 | \$367,475 |
| \$2,000-2,999 | 142 | \$2,329 | \$330,773 | 0.0% | 0 | \$0 | \$330,773 |
| \$3,000-3,999 | 94 | \$3,367 | \$316,462 | 0.0% | 0 | \$0 | \$316,462 |
| \$4,000-4,999 | 78 | \$4,414 | \$344,322 | 30.0% | 23 | (\$103,297) | \$241,025 |
| \$5,000-5,999 | 52 | \$5,277 | \$274,418 | 50.0% | 26 | (\$137,209) | \$137,209 |
| \$6,000-6,999 | 39 | \$6,346 | \$247,496 | 60.0% | 23 | (\$148,498) | \$98,998 |
| \$7,000-7,999 | 8 | \$7,325 | \$58,600 | 60.0% | 5 | (\$35,160) | \$23,440 |
| \$8,000-8,999 | 28 | \$8,469 | \$237,125 | 70.0% | 20 | (\$165,988) | \$71,138 |
| \$9,000-9,999 | 22 | \$9,274 | \$204,032 | 70.0% | 15 | (\$142,822) | \$61,210 |
| \$10,000-14,999 | 23 | \$12,254 | \$281,836 | 80.0% | 18 | (\$225,469) | \$56,367 |
| \$15,000-\$19,999 | 5 | \$18,510 | \$92,550 | 80.0% | 4 | (\$74,040) | \$18,510 |
| \$20,000+ | 4 | \$24,188 | \$96,750 | 80.0% | 3 | (\$77,400) | \$19,350 |
| Total Responses | 815 | | \$2,907,015 | | 138 | (\$1,109,882) | \$1,797,133 |
| | | | % Lost => | 17.0% | | -38.2% | |
| | | | Rounded | 15.0% | | -30.0% | |

Conclusion

- The survey “breakpoint” data is consistent with the cabin owner forums and communication received from individual cabin owners from all Forest Service regions. Most express concern they will be forced to sell or abandon their cabins when fees reach the \$3,000-\$4,000 level, which is supported by the survey results.
- The Forest Service expects the current cycle of field appraisals to be completed by 2012. Second appraisals and appeals are likely to extend this process by another year or two. For fee increases exceeding 100%, a three year phase in of fees suggests full implementation of CUFFA fees is not expected until 2016. We expect permit loss will occur as higher CUFFA fees are implemented in the same phased-in pattern (from 2011 to 2016), reaching the full 15% permit loss in 2016 as CUFFA is fully implemented. The attached Ten-Year Total Revenue Projection factors this permit loss into the CUFFA net revenue projections.

Mr. GRIJALVA. Thank you, sir. Ms. Maureen Barile, cabin owner, Fresno, California. Welcome.

STATEMENT OF MAUREEN BARILE, CABIN OWNER, FRESNO, CALIFORNIA

Ms. BARILE. Thank you. Mr. Chairman and members of the Subcommittee, my name is Maureen Barile. I live in Fresno, California. I am a Recreation Residence permittee. My family and I are here today as a representation of multi-generation cabin-permittee families.

My cabin is located at Huntington Lake in eastern Fresno County in the Sierra National Forest. The Sierra National Forest has a land mass of approximately 1.4 million acres, of which more than half is designated wilderness and protected activity centers.

My family has a long history with the cabin program and the Forest Service. My late husband Tom’s family came to Huntington Lake in the early 1950s. Tom, as a young boy, worked alongside his father, a printer from the Fresno Bee, in building the cabin. The cabin was built of salvaged lumber from an old air base in Fresno. It was definitely a labor of love.

Tom as a young man worked for the Forest Service in tree planting, fire, and recreation. In 1965 he was a Huntington guard,

housed in the old Forest Service guard station, now the Billie Creek Museum. My association with the Recreation Residence Program began in 1965, when Tom proposed.

In 1982, Tom and I were able to purchase a tiny cabin in disrepair; and thus, our sons, Paul and David, as young teens, now worked alongside their dad in building the cabin.

What do recreation permittees provide to the community and the public with their volunteer work and financial support? Cabin owners successfully led the Save Kaiser Ridge campaign, resulting in the Congressional designation of the Kaiser Wilderness. The historic Billie Creek Guard Station Museum opened its doors to the public on July 28, 2001. This was a partnership of cabin owners with the U.S. Forest Service. The museum now has three separate restored historical structures, which are a portrait in time of the socio-economic history of the Huntington Lake Basin communities.

Tom and I were involved in this project from the onset. I proudly acknowledge my grandson, Thomas, who is with us here today, and who, at the age of eight years old, began volunteering as a junior docent.

The museum is open to the public free of charge, and serves summer visitors. We were pleased to have Congressman Jim Costa visit the museum last year. The Huntington Lake Volunteer Fire Department, a 911 first responder, services 150 square miles.

During peak times there are over 14,000 visitors to the forest. There is no cost to the public for these services, which are funded and manned by cabin owners. We sponsor campfire and historic programs; we partner with the U.S. Forest Service in National Public Land Days activities. We write grants for forest fire prevention in partnership with the U.S. Forest Service. We adopt trails.

We participated for seven years in the Big Creek Hydropower relicensing. As stakeholders, we were able to obtain outstanding conditions and funding from the utility for the good of the public.

Tom died suddenly on the last day of his work, after 31 years as an educator for the Madeira Unified School District. As part of the 108th Congressional Record of Monday, June 16, 2003, it is stated that Thomas E. Barile was honored in the House of Representatives for his visionary work as an educator, and for his volunteer work for the Fresno County Sheriff's Department and the Sierra National Forest.

Tom volunteered his services using his experience as an educator to teach youngsters about the forest, mountains, and their unique attributes. His philosophy instilled in his children was if you take something out, you must put something back.

He took his role as a steward of the forest seriously, as I have. Tom coordinated the Fresno County Sheriff's Department Winter Snowmobile Search and Rescue Team, which he served as a volunteer commander for 18 years. When asked by the Sheriff's Department to take on this responsibility, Tom looked to our sons, Paul and David, and fellow cabin families for this volunteer team, donating their time, expertise, and equipment in the saving of lives.

I have been left with the responsibility of the Recreational Residence permit and the cabin. I am very concerned about the future of this program. Fees have progressed, have increasingly pro-

gressed, and I know many cabin owners who are of modest means, who will have to leave their cabins if this trend continues.

I, too, am of modest means, living off of my husband's teacher's pension. My sons are both law enforcement officers, David a deputy with Fresno County, and a Paul a deputy with Merced County. We do not want to be driven out of the forest because of the inability to pay escalating fees.

If I and my fellow cabin owners have to leave the forest, it will be a great personal tragedy, as well as a loss to the public of those many volunteer cabin families from forests throughout the nation, who give so much of their time, efforts, talents, and support.

Fees that drive out the modest American will create a change in the national forest use. The Forest Service will have created a system that is affordable only to the very wealthy. The sense of community and partnerships will end.

My son, Paul, my grandson, Thomas, and my daughter-in-law, Kim, are all here with me today. We thank you for the opportunity to address the Committee. We request your support of H.R. 4888, and thank you.

[The prepared statement of Ms. Barile follows:]

**Statement of Maureen E. Barile, A California cabin owner and
a member of National Forest Homeowners.**

My name is Maureen Barile. I live in Fresno, California. I am a Recreation Residence Permittee. My family and I are here today as representation of multi-generation cabin permittee families (accompanying statements attached as Exhibit 4A, 4B and 4C).

My cabin is located at Huntington Lake in Eastern Fresno County in the Sierra National Forest. The Sierra National Forest is geographically located between Kings Canyon & Sequoia National Parks to the south and Yosemite to the north. The Sierra National Forest has a land mass of approximately 1.4 million acres of which 750,000 acres is designated wilderness and protected activity centers.

The first cabins permitted at Huntington Lake were in 1916. Many early cabins were constructed of salvaged lumber from the Big Creek Hydro Project which began in 1911 with the 3 dams at Huntington. Most of those cabins remain today in the original families. For the next 40 years the U.S. Forest Service continued to encourage and invite the public to come to the forest and build a recreation residence.

My family has a long history with the cabin program and the Forest Service. My late husband Tom's family came to Huntington Lake in the early 1950's when the USFS announced a lottery for lots. They had camped at Huntington and loved the Sierras so they entered the lottery. My husband, as a young boy, worked alongside his father (a printer for the Fresno Bee) in building the cabin. The cabin was built of salvaged lumber from an old air base in Fresno. It was definitely a labor of love. Materials were hauled up the mountain in a small trailer behind the family jeep.

My husband Tom, as a young man, worked for the Forest Service in tree planting, fire and recreation. In 1965 he was the Huntington Guard, housed at the old Forest Service guard station (now the Billy Creek museum). My association with the Recreation Residence Program began in 1965 when Tom proposed.

In 1982 Tom and I were able to purchase a tiny cabin in disrepair, and thus our sons Paul & David as young teens now worked alongside their dad in building "The Cabin". They mixed the cement on site. All materials were hauled up in the family pick up or trailer.

We like so many recreation residence families have a great love for the mountains and are eager to share with family and friends. Cabins are always buzzing with activity. While having fun, folks are always learning about the forest and how to give back and be good stewards.

What do Recreation Permittees provide to the community and the public with their volunteer work and financial support?

Recreation residence permittees led the "Save Kaiser Ridge" campaign. This volunteer work resulted in the Congressional Designation of the Kaiser Wilderness.

*In 1989 we learned the Forest Service intended to demolish the Huntington Guard Station. A group of cabin owners initiated a project to restore the guard sta-

tion for use as a museum. It was a 12 year process. We had to appeal the original decision to demolish the station, the USFS wanted new science, environmental studies had to be done, historic evaluations were required, and hours of research were needed. The buildings were restored, and in 2001 we were issued our permit. The "Historic" Billy Creek Guard Station Museum opened its doors to the public on July 28, 2001. This was and continues to be a great example of volunteers working in partnership with the U.S. Forest Service.

The museum now has three separate restored historical structures which are a portrait in time of the socio-economic history of the Huntington Lake Basin communities which encapsulate man's historic contributions to the area along with the building of the Big Creek Hydro-system and recreation. Tom and I were involved in this project from the onset. I proudly acknowledge my grandson Thomas, who is with us here today and who at the age of 8 years old began volunteering as a junior docent. My grandsons Kristjan 14 and Matthew 9 also volunteer. The museum is open to the public free of charge and serves summer visitors. Most visitors are campers, day use visitors and other members of the general public. Congressman Jim Costa came and visited the museum last year.

*In 1999 Recreation Residence Permittees recognized the need for a trained and well equipped volunteer fire dept. The Huntington Lake Volunteer Fire Dept. (HLVD) in ten years has become a 911 first responder that services 150 square miles. The volunteer firemen & women are cabin, resort and camp permittees. During peak times there are over 14,000 visitors to the forest whom they are ready to serve. There is no cost to the public for these services rendered. The Volunteer Fire Department operates from community donations and grants.

*We co-sponsor campfire programs at the museum free of charge.*We provide historic programs for the public at no charge

*We partner with the U.S. Forest Service in National Public Lands Day activities.

*We write grants for forest fire prevention working in partnership with the U.S. Forest Service.

*We save and preserve historic buildings, i.e. USFS Huntington Guard Station, USFS Kaiser Diggings work center, and the Pine Logging Camp.

*We serve as winter trail patrollers.

*We write grants in partnership with the USFS to clear trails, construct bridges, develop snowmobile trails and ski trails.

*We Protect and preserve the history of the World War II B-24 bomber that crashed on December 6, 1943 into Huntington Lake.

*Family heirlooms are donated to the museum.

*Old photo collections are donated to the museum.

*We participated for 7 years in the Big Creek Hydro Power Relicensing. As stakeholders we were able to obtain outstanding conditions and funding from the utility for the good of the public.

Tom died suddenly on the last day of his work after 31 years as an educator for the Madera Unified School District. As part of the 108th Congressional Record of Monday, June 16, 2003 it is stated that Thomas C. Barile was honored in the House of Representatives for his visionary work as an educator and for his volunteer work to the Fresno County's Sheriff's Dept. and the Sierra National Forest.

For most of Tom's adult life he volunteered his services using his experience as an educator to teach youngsters about the forests, mountains and their unique attributes. His philosophy, and one that he instilled in his children, was "if you take something out you must put something back". He took his role as a Steward of the Forest seriously, as have I. Among the many volunteer projects in which Tom participated was the coordination of the Fresno County Sheriff's Dept. winter snowmobile Search and Rescue team which he served as a volunteer Commander for 18 years and also served on the Mountaineering Team. When asked by the Sheriff's Department to take on this responsibility Tom looked to our sons, Paul & David and fellow cabin families for this volunteer team. A highly skilled team of volunteers donating, their time, expertise and equipment came together and assist in the saving of many lives.

I have been left with the responsibility for the recreational residence permit and the cabin. I am very concerned about the future of this Program. Fees have progressively increased and I know many cabin owners who are of modest means who will have to leave their cabins if this trend continues. I too am of modest means living off of my husband's teacher's pension. My sons are both law enforcement officers, David a deputy with Fresno County and Paul a deputy with Merced County. We do not want to be driven out of the forest because of the inability to pay escalating fees. If I and my fellow cabin owners have to leave the forest it will be a great personal tragedy as well as a loss to the public of those many volunteer cabin families

from forests throughout the nation who give so much of their time, efforts, talents and support.

Fees that drive out the modest American will create a change in National Forest use. The U.S. Forest Service will have created a system that is affordable only to the very wealthy. The sense of community and partnerships will end.

My son Paul, grandson Thomas and daughter-in-law Kim are here with me today. We thank you for the opportunity to address the committee. It is my hope and belief that Congress will recognize the threat posed to the Recreation Residence Program and not let unreasonable fees force us out of our cabins. We request your support of H.R. 4888.

Exhibit 4A

Statement of Diane Dreher, Eau Claire, Wisconsin

Our family cabin is located in Chequamegon National Forest in Wisconsin. Many would consider it a "rag tag" cabin but it is a family treasure to my family. I am Diane Dreher and our cabin built in 1948 has been in the family since my uncle acquired it in 1996. It is a rustic cabin, 750 square feet including one small bedroom and kitchen. Our water comes from a primitive water system and our heat from a propane heater and fireplace. When my uncle died my family obtained the permit to make certain that it was maintained and the family could continue to use it.

Our use of the cabin is confined to the summer months due to extreme weather in the winter and limits on year round use imposed by our permit. My children, grandchildren and I use the cabin in the summer months. My 92 year old mother continues to regularly visit the cabin in the summer and guests are welcome despite the small size of the living area.

I am a divorcee, living on social security, limited investments and income from a part time job at Barnes and Noble. I was working 20 hours a week but I have just been reduced to 5 hours a week due to hard economic times. We struggled to pay the yearly use fees when they were approximately \$3000 per year. They now are \$7000 a year. We cannot afford such high fees and will be forced to abandon the cabin. It is unlikely that anyone would purchase this cabin considering the high fees and many restrictions on its use especially when other privately owned residences free of many government regulations are available.

It will be sad to leave this cabin. My children and grandchildren have grown up in the summer time learning about the outdoors, the quality of nature and all the forest has to offer, from wildflowers to the infrequent bears that visit us. The grandchildren have learned to swim in the local lake diving off a simple portable dock we install each summer.

I cannot help but believe that the appraised value of our small, rustic cabin has been influenced by many privately owned cabins and residences in the area which are simply not in the same league. In fact, our cabin and others in our tract serve as a buffer between larger cabins and the dense forest and we believe that we are responsible stewards of that forest.

It is the hope of the Dreher family and our fellow cabin owners that Congress will act swiftly to reform the fee system and provide for fair fees before it is too late for us.

Diane Dreher

Exhibit 4B

Statement of Cindy Sims Langley, Clovis, California

My name is Cindy Sims Langley. My family has owned a cabin for over 70 years at in the Sequoia National Forest at Hume Lake in California. The cabin was built in 1926. It was known as the "hunter's shack" when my grandmother acquired it in 1938. My grandmother, Dorothy Seele, was one of the first cabin owners on the recreational permit side of the side of the lake, the other side being occupied by a public Forest Service camp.

My grandmother was a single mother from Southern California. All her life she made great sacrifices first to acquire the cabin then to maintain the cabin for her family. She worked as waitress in the Los Angeles area arranging to hire a woman and her son to stay at the cabin and care for her daughters there all summer long while she remained in the hot valley working. This way Grandma had peace of mind as she worked long hours to provide for her family knowing her children were safe at the cabin enjoying the forest.

After working a full day my grandmother would make the arduous trip to the cabin. This was a 6 hour trip which she would drive alone, at night, arriving around 11 PM Friday evening. She would wash her uniform and go to bed anticipating Saturday with the girls fishing, exploring, hiking and swimming before turning around and heading back to Los Angeles to work.

Every spare cent grandma had she spent to protect that cabin for her family. As children, my mother and aunt spent summers with other cabin owners' children playing on and around Hume Lake. They also spent their evenings at the Forest Service camp singing with the forest rangers and roasting marshmallows and drinking hot chocolate—they were having a grand time. When the (then) new Christian camp was built at Hume Lake they also participated in the fun with the residents.. It was a wonderful life. Over the years our cabin became the center of our life away from home. We learned the mysteries and value of life in the forest. My mother met my father frogging on Hume Lake and my uncle met and married the head Ranger Paul Spivey's daughter Kathy Spivey. My father spent summers splitting fence posts my grandfather had logged. Everyone joined in to maintain our cabin in the woods.

Eventually grandchildren came along and we grew up and roamed these mountains lakes and streams as did our cousins from all sides of the family. We all enjoyed the cabin life and sometimes there would be 14 or more sleeping on the floor and deck just to be together. As we grew we married and had children of our own who have also learned to swim fish and roam the mountains around Hume Lake. The cabin is only 900 square feet with a sleeping loft. It's cozy; however we have always found room for the expanded family to enjoy the cabin experience. We have had over 30 years of family reunions at the cabin—that's a lot of togetherness! My 74 year old father continues to enjoy the cabin. I am not embarrassed to say that all three of my children were conceived at the cabin. The cabin means so much to my own family that we moved to Clovis, California to be several hours closer to the cabin.

My grandmother understood the importance of the cabin to her family and for over 70 years provided a wonderful place for all of us to gather and stay close as a family. When she died she insisted the cabin be left in trust to her grandchildren and great grandchildren to keep the tradition alive. Unfortunately, the threat of substantial Forest Service permit fee increases threatens our ability to continue to keep our cherished cabin.

We are not a wealthy family. I am disabled but receive no source of disability pension; my husband is a plumber at the local hospital, my oldest son a firefighter and with budget cuts his job is in jeopardy, the middle son works for delx films, which may sound like a high paying job but when you expect to get laid off 3 to 6 months out of each year it is not. Our youngest son is in college—need I say more? We are your average middle class family and this cabin means everything to us. Our "wealth" is found in memories and our family life at the cabin is an integral part of that. I am hopeful that our children and grandchildren will be able to continue to fulfill my grandmother's dream. We hear from fellow cabin owners and the Forest Service that yearly cabin permit fees under an appraisal system will likely rise by thousands of dollars. This will put the fee beyond our means. We urge Congress to change the permit fee system to assure a more affordable one for families such as ours.

Cindy Sims Langley

Exhibit 4C

Statement of Jo Musser-Kraus Tucson, Arizona

My name is Jo Musser-Krauss and I am a resident of Tucson, Arizona. I have a cabin subject to a U.S. Forest Service recreational residence special use permit. My cabin is a "piece of heaven" located in Willow Canyon in the Coronado National Forest in Arizona. I consider it so not because it is luxurious but because of its importance to me, my family, friends and community, as I will explain. I am submitting this statement because I am very concerned I am going to have to give up the cabin due to the likelihood of increased yearly fees.

I am 87 years old, a widow and a retired educator. The lot for my cabin was originally acquired by its first owner shortly after World War II in a lottery conducted by the government. My husband and I purchased the cabin in 1973. The cabin is one room, approximately 360 square feet, plus a small bathroom, the only addition we have been permitted to make. Our septic system is an outhouse with a vault, we obtain water from rainfall or transport it in ourselves and our heat is from a

fireplace. The cabin is rustic and we access it over a 1 1/2 mile rough road which we have to maintain. Provisions are hauled in from the city. The Forest Service limits the days each year we can use our cabin. We use our cabin for 4 months, May through August. My husband and I attempted to use it one winter, a difficult experience. It is too isolated for winter use at my age, even if it were permitted.

Mine is in every sense a family cabin available to my 3 daughters, 5 grand children and 2 great grand children. It is also a community meeting place. We have approximately 150 visitors to my cabin each year. Church groups regularly meet there and the church youth group helps me clear the land around the cabin to protect from wildfires. In fact, we have had two recent wildfires in the vicinity which destroyed several cabins. Mine survived in large part due to this effort. I am a docent at the Arizona-Sonora Desert Museum in Tucson and the docents regularly meet at my cabin over the summer months. "Jo's" cabin is the site of the yearly 4th of July party for my fellow cabin owners and guests.

If I have to let my cabin go it will not only be a loss to me but to the many friends and groups who use it as well. The cabin has a special attachment for me. Located at 7000 feet in the Catalina Mountains it is a sanctuary from the heat of Tucson. Much of the work on it we do ourselves and its style is unique. For example, after we acquired the cabin my husband and I paneled the inside with scrap wood salvaged from wooden packing boxes. I have attached some photos of the cabin.

I live on a pension and pay the current fee, personal and property taxes myself. We hear that the permit fees will soon be approximately \$4000 a year which will be about 10% of my income. I will be unable to afford such fees and will have to let the cabin go.

I am no stranger to the difficulties encountered in changing the law and implementing such changes. In the mid 1970's I attended a meeting in California with 2 local Board members, including then member and now Congressman Raul Grijalva; to address school desegregation. After that meeting we came up with a workable plan implemented in the Tucson Unified School District which included a magnet school. I was appointed Principal of Borton Primary Magnet School, one of the 9 schools in the desegregation plan. I know that things can be made to work if people work hard to make them work. I hope that Congress will make the effort to make certain that the yearly fees for our cabins are kept reasonable and affordable.

February, 20, 2010

Jo Musser-Krauss, 2910 E. Malvern St., Tucson, AZ 85716

Mr. GRIJALVA. Thank you very much.

Ms. BARILE. You are very welcome.

Mr. GRIJALVA. Just some quick questions. Mr. Anderson, since the implementation of CUFFA 10 years ago—and we have heard stories about what the fee increase is potentially doing, and the last panelist articulated that, as well—how many, what percentage of abandonments or tearing-down of cabins have you seen? Is there a percentage attached to it?

Mr. ANDERSON. There hasn't been any significant abandonment yet, and that is because the fees under the CUFFA system were so delayed that they have only recently been implemented within the last two years. So we haven't quite yet seen—well, we have seen attempts to sell, which have been unsuccessful. But we haven't seen abandonment yet.

Many of those fees are just now becoming applicable. And I can tell you what I have seen and heard. And that is that I get calls, both I and the executive director get calls from members, saying I just got my new CUFFA fee bill that just came in last year or this year. I can't afford it, what do I do? I can't sell it, what do I do?

And I can tell you that the level at which I started getting those calls is not at the \$6,000 fee level you heard Mr. Holtrop refer to. People start calling in when they get these new CUFFA appraisals

now and say \$3,000, \$4,000, that is my limit, I am out of here. Help me, I can't stay. What should I do?

So it is just now starting to happen, if you will.

Mr. GRIJALVA. Thank you. Mr. Almy, we have heard—well, first of all, the cabin owners, it appears from the testimony today, have been quite involved in creating or helping shape the legislation that we are talking about today.

For background, how involved were cabin owners in the drafting in 2000 of the CUFFA legislation?

Mr. ALMY. Thank you for that question. The short answer is not nearly as involved. One of the things that has happened in creating H.R. 4888 is a much more inclusive process, not just from the perspective of doing surveys and getting feedback from cabin owners, but more importantly, the creation of a group called Coalition II that was a broad amalgam of national forest homeowners in the lead, and a number of state organizations.

Mr. GRIJALVA. OK. Is it the potential, is it the high fees or the potential for high fees that is—and this extreme, or is it this extremely difficult housing market that we are all dealing with, particularly for second homes? Which chicken and which egg?

Mr. ALMY. Mr. Chairman, I frankly think it is the former, not the latter. Certainly the latter, of the condition of the residential market and real estate in general, has exacerbated the problem.

But the issues that brought us to this legislation have been with us for 40 years. And so the concern about high fees is one element of it. But the other element that is equally as important is the uncertainty of the trajectory of those fees.

Mr. GRIJALVA. Mr. Bailey, we have heard that fees are currently based on appraisals from the seventies to the 2000s. And so would your organization be opposed to allowing the Forest Service to complete the round of appraisals that are going on right now under CUFFA, so that we have determinations of where to place these cabins in the tiers? Or do we rely on, in some instance, of advantage or disadvantage from a seventies appraisal? And other instances, advantages or disadvantages for that cabin owner on a 2000 appraisal?

Mr. BAILEY. Mr. Chairman, I think that is a fair question to ask. And we agree with the Forest Service that we need to have a dataset upon which we make tier assignments that is uniform and complete.

And the current appraisals, ranging from the late seventies to the CUFFA appraisals, is what is establishing fees on the ground today. And we agree that that is not how we want to assign the various permits to tiers.

Mr. GRIJALVA. So you are all for finishing, I think Mr. Holtrop identified 8,000 done, and a number to go to reach 14. Are you open to the completion of that process in order to have a base line to be able to deal with the legislation if it were to become law?

Mr. BAILEY. The completion of the current appraisal cycle is something that we would support, but we would certainly want to work on what kind of transitional mechanism would be in place, you know, to help facilitate that. You know, how do we deal with individual fees today with those permits that are yet to face their appraisal process.

Mr. GRIJALVA. If I may, for our last panelist, the same question. Finishing the appraisal process that is ongoing now, if H.R. 4888 were to become law, finishing that appraisal process under CUFFA so that we would have that base line. As an owner and based on your testimony, how do you feel about that?

Mr. BAILEY. Recently, within the last three weeks, I received my new appraisal. It was my understanding that that was going to be my new fee, what I am looking at for the future with the tiers, I already found where I would fall within that.

Mr. GRIJALVA. OK, thank you very much. Mr. Bishop.

Mr. BISHOP. I am going to yield to Ms. Lummis first.

Mr. GRIJALVA. Ms. Lummis.

Ms. LUMMIS. Thank you kindly, Mr. Chairman and Mr. Bishop. First question for Mr. Bailey.

If a cabin is abandoned, is there a penalty to the owner?

Mr. BAILEY. There is not a formal penalty, but there is a penalty, in fact, that they incur the cost to remove that cabin. And in some areas, the county imposes hazardous waste disposal standards that really significantly increase the cost of doing that.

And it has been estimated that some cabins would cost between \$50,000 and \$60,000 to remove, you know, on top of the rest of the circumstances.

Ms. LUMMIS. Thank you. And a question for Mr. Almy. It sounded to me like the appraisal process is very complicated. And when Mr. Bailey went through and explained this process, it sounds so much more simple.

I guess I am getting to that age in life where simple is better. So this bill just appeals to me tremendously, just because of its simplicity.

Can you explain what you know about the Forest Service policy regarding the type and location of lots an appraiser can use as a comparable lot in the appraisal process under CUFFA?

Mr. ALMY. Certainly. Let me first say that one of the underlying principles here really is simplicity and predictability, and I think that has been a theme that we have heard all morning.

But also, in the interest of full disclosure, I have to tell you that I am a licensed appraiser, and I have been practicing in real estate for 25 years. So I think I know whereof I speak on this issue.

The short answer is that you go where you need to go to find comparables that are acceptable. I think Mr. Holtrop was correct in that your first and best choice is a comparable lot that is unimproved, has similar utility infrastructure, similar access, that is in private land. Those are few and far between because of the nature of this program.

As a result of that, you have to make compromises. You have to go to other locations. You have to sometimes find properties that are improved, and figure out how to extract the value of the improvement. So it is very complicated. It is very subjective. And one of the difficulties with this whole appraisal system is that there aren't normal metrics, like there is in income property, to figure out what the value really should be. It is a perception, almost.

So it is a complicated process. It is a subjective process. And it is the very reason that we conclude that the appraisal process, as a system, is inappropriate for setting fees.

Ms. LUMMIS. And just one more comment, Mr. Chairman. I thank you all for your testimony. I am pleased that this bill provides the type of simplicity and predictability, and that the cabin owners have helped work on it.

It sounds like CUFFA was—I am a freshman, so that is why I am making all these assumptions. It sounds like CUFFA was well-intentioned, and then, in its implementation, just became more unruly and complicated and unpredictable for people than is appropriate under the circumstances.

So I just want to applaud the author of the bill, the cabin owners who helped work on it, and comment that I get a lot of cabin owners' comments as well, from my home state of Wyoming, about the massive impacts of these new fees. And that we, as Members of Congress, have an opportunity to correct a situation that, you know, the Forest Service is honestly attempting to utilize, but that, in practice, has not worked very well.

So thank you all for your testimony and your hard work on this issue. And thank you very much, Mr. Chairman, Mr. Bishop, Mr. Hastings.

Mr. GRIJALVA. They are going to call us to vote in a little while. And if at all possible, I would like to adjourn when they call us to vote. But Mr. Costa, questions?

Mr. COSTA. Yes. That works for me, Mr. Chairman. Before I ask some of the cabin owners some questions, I want to go over I think for the Committee's purposes, Congressman Hastings and I had a conversation when we had a separate meeting as it relates to how this bill is drafted and its jurisdiction. Because there are some issues that affect the USDA and overlapping with the Ag Committee.

And I don't think, if we are able to work this through, as I hope we are, that we want to have a situation where we have CUFFA in a narrow sense covering a thousand cabins or whatever, and then have a separate program under this tier system.

So it seems to me, Mr. Chairman, that we ought to, I think at the time Congressman Hastings indicated he was amenable toward working out this overlap and this jurisdictional issue. And we actually had two staff members from the Ag Committee sit in on that earlier meeting.

So I don't know, as a colloquy or a way of, if Congressman Hastings should care to respond, and the Chairman cares to, too, so that we have an understanding on how we go through this?

Mr. HASTINGS. Will the gentleman yield?

Mr. COSTA. Yes, I will yield. As long as I have time to ask my three questions.

Mr. HASTINGS. This issue, you know, really came to a head. And as you know, there is essentially a one-year moratorium on raising the fees. And that was done—

Mr. COSTA. Right.

Mr. HASTINGS.—and that could be renewed. I hope that we don't have to go through that process.

So when we drafted this bill, we drafted it, honestly, purposely very narrowly, so that we would have jurisdiction on that, and could have a hearing and facilitate the hearing.

Now, I recognize that there has to be a process by which we go through. And I am certainly open to that, and I made that observation in my opening remarks.

But as I mentioned, this was done on purpose so we could have a hearing.

Mr. COSTA. No, I understand that. And I spoke with Chairman Peterson, and he is aware of the issue.

Mr. HASTINGS. Right.

Mr. COSTA. And I think he is amenable to working with the Chairman of the Subcommittee here on how we can work through that, so that we don't have a dual system.

Mr. HASTINGS. Yes. The intent was not to exclude that. The intent was to try to get this on the front burner from a policy standpoint so that we can address it.

Mr. COSTA. Very good.

Mr. HASTINGS. Thank the gentleman.

Mr. COSTA. Let me get to my questions here quickly. Mr. Anderson, you know that this measure that we hope will resolve the issue of, there was a sense, I guess, that cabin owners thought that CUFFA would solve the problem. But it didn't.

Quickly, where do you think this is different, and that it will, in fact, resolve the issue?

Mr. ANDERSON. Well, it is easy to determine the fee. There is very little controversy. Once we have reached agreement on this and the legislation hopefully is passed, there is really no difficulty in determining the fee.

The cost I think should be significantly less for the Forest Service. The costs, we will no longer have costs of appraisals. If the user fee levels or tiers are kept at a reasonable level, it will be more affordable.

Mr. COSTA. And people will understand it, and there will be certainty. The gentleman next to you there, both Mr. Almy, who has experience in real estate, as you have stated, Mr. Bailey. Cabin owners have indicated that many owners would consider abandoning their cabins at a higher-than-\$4,000 fee.

What percentage of loss do you think there would be if we had the top tier in excess of \$6,000? Care to comment quickly?

Mr. BAILEY. Yes, I would like to respond to that. Our survey in the fall, Mr. Congressman, looked at the financial break point. And on average, that number is around \$4,000.

What does that mean? That means that is the point where a cabin owner looks at their fee and says, you know, I can't afford this, or this does not value the—this is more than what I get in value for the use. Some are higher than that, and some are lower certainly, and would pay more.

Mr. COSTA. My time is expiring.

Mr. BAILEY. I am sorry.

Mr. COSTA. Could you provide that survey to the Subcommittee?

Mr. BAILEY. Absolutely. It is part of the documents we have submitted, sir.

Mr. COSTA. OK, very good. Finally, Ms. Barile, I think you did a wonderful job of explaining historically how your family and others in the Huntington Lake area have done such a tremendous job in maintaining that really special place in the High Sierra.

The CUFFA fee is only one of the fees the cabin owners pay to their cabins, part of the cabins. There are additional fees in localities for various services and costs of maintenance. Have you added them up in your own individual case, quickly?

Ms. BARILE. Yes. Garbage is a huge issue. Just for those few months that we are there, our garbage service is \$154. We have to pay additional fees because of bear-proofing bins, and every time a garbage truck driver gets out of his truck we have to pay for those additional costs for him unlocking a bear-proof bin.

The insurance has almost doubled within probably the last four years, because of being in a forest and forest fire conditions. Our insurance is extremely difficult to get in the mountain areas. One person who recently bought a cabin in my tract called me saying where can I get insurance, because she could not find any insurance. She finally was able to go to a very, very limited type of coverage for her cabin.

Another thing that I am really, really concerned about is how the continued increasing fees are going to affect the taxes. We are taxed on land that we do not own. When I get a tax bill from Fresno County, they have it broken down between my lot, and between my cabin. And on my tax bill for the county, for instance, during CUFFA, it was \$30,000, my lot was appraised for \$30,000. So then the county gave me a bill of, I pay \$1,115 in taxes. Now my appraisal has gone up to \$50,000. So I am just terrified what is going to happen when, in 2012, what is going to happen with my tax bill.

Then, of course, you have all of your other items that you have in having a cabin. And there are a lot of restrictions. You have to make sure you keep everything really clear. My major concern with this increase is the taxes. I don't know how I am going to afford it.

Mr. COSTA. And you want to keep it for your grandchildren and for other generations.

Ms. BARILE. I want to keep it for my grandchildren, for my children.

Mr. GRIJALVA. Well, we need to wrap this up because we are way over time.

Mr. COSTA. Thank you, Mr. Chairman.

Mr. GRIJALVA. You are welcome. Mr. Hastings.

Mr. HASTINGS. Thank you, Mr. Chairman. And I apologize for having missed your testimony, but I want to thank all of you. And Pete, good seeing you. I want to thank all of you for your input on this bill.

Clearly, by the testimony we heard today and questions up here on the assessment, the challenge we are going to face as we move forward is going to be the benchmark that we can all agree on to set and establish those tiers. That is going to be the challenge that we are going to face. I think we all know that.

But I am very pleased by the tone of this hearing. I think that we can hopefully find a solution on that. But I want to thank you for your input, and we will continue to seek your input as we move forward.

But that is going to be the hardest part, we know that. Once we can get over that, then I think that this legislation hopefully can

move very quickly, and we will have some long-term certainty. And everybody is suggesting that is where we want to be.

So thank you again. Good seeing you, too, Pete. I yield back.

Mr. GRIJALVA. Mr. McClintock.

Mr. MCCLINTOCK. Thank you, Mr. Chairman. I simply wanted to emphasize the written testimony that tells us of realtors in Wyoming, for example, reporting that no cabins sold since 2004. And the three cabin owners who have tried to sell found that “when buyers find out how expensive these are or may be, that they laugh and then go away.”

I think that speaks volumes of the unrealistic nature of the appraisal process. That is the market telling us that those appraisals have literally priced these properties right out of the market.

I would also like to emphasize, you know, there are property rights involved in the ownership of the cabins themselves. And property rights include a certain stability and predictability of the individual being able to hold onto that property. That can't be done when appraisals are going vastly above market rates.

I think that that emphasizes just how important this legislation is. And again, I want to compliment the author on the bill.

Mr. GRIJALVA. Thank you, sir. Mr. Bishop.

Mr. BISHOP. Let me also thank you for coming here and testifying. I appreciate the testimony. It is very clear, from everything we have heard, that the status quo is broken, and that we need to do something to fix it very radically and very carefully.

I had a series of questions. I will just, I will forgo all of those in the interest of time here. Except, ma'am, you said that your grandson was the museum docent at the age of eight? And he is here?

Ms. BARILE. Yes, and in fact he is here.

Mr. BISHOP. Have him stand up. Congratulations for being precocious and intelligent at the same time.

[Laughter.]

Mr. BISHOP. Ma'am, thank you. Thank you all for being here.

Ms. BARILE. You are very welcome.

Mr. GRIJALVA. Thank you. And let me join with Mr. Bishop in thanking all the panelists. And I think Mr. Hastings put the challenge, the issues that need to be resolved to move this legislation. I agree that certainty would be very important for the owners. And we will be glad to work with Mr. Hastings on this as we go forward, to deal about where that base line data is going to be, and when it kicks in.

So I appreciate it, and thank you very much.

[Whereupon, at 11:50 a.m., the Subcommittee was adjourned.]

