Summary: Wolf's experiences related to the 1976 passage of the _payment in lieu of taxes bill HR 9719 (PILT)_ , initial country pressure, county expectations, industry and forest service response, and the _National Forest Management Act (NFMA)_.

Shannon: One of the more interesting aspects of Western History, as you well know, Bob, is the effort on the part of the Western states to share in federal receipts as the result of the fact that so much federal land is in the West. Many efforts have been attempted over the years since 1908 to determine what is a fair and equitable share, and while much research and analysis has been done on that subject, the western point of view, from a political perspective, is _more_. Regardless of what formulas worked out, regardless of what distributions are actually made, the West's attitude has always been virtually the same, but never couched in such vulgar language - but more.

One of the interesting aspects of [this] period of time, during the great crisis and controversies over public land management, in particular sale authority for the Forest Service, that led up to some of the legislation in late 1976, was the whole issue of payments in lieu of taxes on the part of the federal government, particularly the Forest Service, but also the BLM, to provide aid and assistance to public schools and public roads or for county expenses basically. This, of course, has been an issue in every one of the Western states and has been of prime importance to us in Montana. You were involved heavily in that period of time, in that legislation, particularly with NFMA, but I think you also have an acquaintanceship with the
payment in lieu of taxes bill, HR 9719, that was signed into law two days earlier. I wonder what you can tell us about that period of time, at least as a start of our discussion here this morning.

Wolf: Well, I had an active role in the formulations of both situations, though by the time PILT was rolling, I was so involved with NFMA because of the demands of Senator Talmadge and Senator Humphrey particularly, that I performed a staff role there that I did not participate in the Payment in Lieu of Tax Act as it came through, although, because it was well understood, or believed, that the president would veto anything. While it was a piece of legislation that might get enacted, it wasn't something that was going to become law. The people I was working with were more interested in things they thought were going to become law than simply political exercises. But let me just back up on that to. I need to restrict my observations to the things I participated in. But it is, I think, important to show sort of the historical roots of these issues because these have been long-standing issues, not just Western issues.

In the West, Westerners tend to think of this as a Western issue. Well, wherever - I've always said the three most debated things in American politics are roads, zoning and taxes, local taxes.

Shannon: I don't think there's much doubt about that.

Wolf: And there's always been a constant effort by local governments to tax the guy who isn't there, who has some property, because he can't get back at them. The large corporate group, you know. Them, and the federal government, to get money out of them, in the hopes that they can't
get back at them. And a countervailing force, from the people being taxed. So you can go through the whole history of the federal land policy and you've got to start with the fact that public domain land, which is where the federal domain existed, didn't pay anything for a long time, and then it paid 5 percent of the sale value of the land to the state, but that only occurred when the land was sold, which was a kind of a funny provision, because by then it's going on the tax rolls.

But then there were lots of other federal acts that gave land away and so you've got that whole intertwined history, but I would say that if any one thing characterizes the payment in lieu of tax subject area, is that despite the several excellent academic studies and careful evaluations, these things have always been decided on a raw, straight political basis. Logic falls like spent arrows on an ironclad when it comes to these subjects [laughter]. With members of Congress sometimes reacting to these issues and other times ignoring them for ages, but you asked about the era of the '70s and what happened ...

The real source of the push to get PILT, the 1976 act, enacted came from Hubert Humphrey, and it came from a problem in Northern Minnesota. The Boundary Waters Canoe Area is part of the Superior National Forest, and I've got to just back up a little on the history there. There are three counties up there - Cook, St. Louis, and I forget the third right now - where significant lands lie within the Superior National Forest. In 1948 an act was passed that gave those counties 3/4 of one percent of the appraised value of the lands, as appraised by the secretary of Agriculture. This grew out of earlier things that were done in the '30s regarding payments to counties. An effort to find a more equitable way to compensate the counties for alleged costs that they incurred because of the presence of federal lands. I'm not claiming that there are any bases here, but this was the way in which it was formulated.
The counties got that 3/4 of one percent in lieu of 25 percent, but the counties weren't happy about that. Those three counties would send delegations in to see John Blatnik, the Congressman from Northern Minnesota who by then was chairman of the Public Works Committee and who I also knew very well, and Hubert Humphrey. Humphrey had asked me to draft a bill that would deal with this issue. He asked me, "Do you have some idea of how we can deal with this problem? Is it a problem and how can we deal with it?"

There was also the Commission on Intergovernmental Relations, the staff director of which was a longtime acquaintance of mine, Tom Graves. They had been doing some studies; they'd come out with one on payments to counties. We had small budget deficits, relatively small ones, but they loomed large. There was no interest in the administration in giving any county anything more. I tussled around with the project for a little bit - this was in 1974 - and I went back to Humphrey and Blatnik, and I said, "You know, maybe the best way to resolve this is to provide that the counties can be paid the same as if the land were on the private tax rolls, and protect the federal treasury by drafting it so that any county that alleges it isn't getting 90 percent of taxes can petition to have a study made in that county.

If the study sustains their position, the federal government will pay for the study and subsequently pay them tax equivalents. If their position is not sustained by the study, the county will be billed out of their 25 percent payments to cover the cost of the study, which was unnecessary. If it's more than, if they're getting more than tax equivalents, the secretary will be authorized to reduce it to tax equivalents.

Shannon: What year was this?
Wolf: This was '74.

Shannon: '74. Two years before the bill.

Wolf: And that can be found, and here's Humphrey's statement of January 29, 1974, when he put the bill in. Here's another in 1975 when he reintroduced it. Blatnik had some stuff in the record also on it. But I told them this is a put up or shut up thing for the counties. You're never going to stop those guys from complaining because it's in the nature of the game. So what you need is something that gets them to face up to the realities if they really aren't getting tax equivalents. I said, "Now, there's always a little problem in anything like this, you know. You may have a county that's 60 or 70 percent federal lands. They'll be concerned that that county could just run its budget up no end." I said, "But I don't think there's any county with so much federal land that the taxpayers are going to stand still for having their taxes jacked to astronomical heights, other than the theory that we're getting huge amounts out of the federal government."

Shannon: With one or two exceptions, where you got those high percentages of federal land, you don't have much of a population.

Wolf: Yeah, you don't have much demand for government services, you know. So anyway, the bill went in and it didn't seem to be going anywhere. The administration was opposed to the idea. The administration position was, "Let's study the matter some more." And they were
worried about [the idea] that this would increase the federal costs rather than possibly shift it from, say, the high beneficiary counties of Western Oregon, Washington, Northern California - the net effect would be to spend more money. They had no evidence to prove it, and they had no faith that the concept would be self-enforcing.

But anyway, nothing was happening. But then the National Association of Counties always was busy trying to get things going on this issue. They got the House Interior Committee to take up the subject, and so they held a hearing and they started to work on it. I was called over to the House people to discuss it, and I was called into the office of Congressman Steiger of Arizona who, you may recall, received some notoriety for shooting some mules between the eyes and a few things like that. He was kind of a wild character and not considered by some of his colleagues as the best guy to be the frontrunner on a bill.

I went over to see Steiger and I told him what the concepts were behind it, and he [responded], "Oh, it's too complicated." He said, "You know what we need? I'm going to redraft this thing to give the counties $.75 an acre." I said, "How did you get $.75 an acre?" He said, "It ain't a dollar." So that's how it got to be $.75 an acre.

Shannon: Sure, so that's good enough reason.

Wolf: Yeah. You're pulling something out of a hat, you know; you got to have some theory as to why you pull it out. It didn't come from any substantive study, you know. I said, "Well, you know the administration's opposed to anything and they're going to veto it." I'll never forget
Steiger looked at me and he said, "Jerry Ford's going to run for reelection and he's going to want to get elected and he's going to sign this."

Shannon: That turned out to be a far-reaching idea.

Wolf: Yeah. I didn't think - and this was way before - that Steiger was right because at that point Ford had established himself as vetoing more legislation than any president since Harry Truman.

Shannon: But wasn't he quiet about it?

Wolf: Yes.

Shannon: It rarely made the news.

Wolf: It didn't make the news, but as a guy who worked in that environment, these are the things you kind of look for to see. How tough is this guy; how is he dealing with issues? Does he mean it when he says it? So my reading was that Ford was a tough guy on these issues; he was genuinely trying to curb legislation that would increase spending or that he believed would increase spending. He wasn't a "hell-no guy" on everything. But he was being hard-nosed on these things and he was listening to his budget director on a large number of issues.
So Steiger went to work on it. I remember telling him, "If you're going to do it this way," I said, "you certainly don't need much staff advice. You don't need my help. Seventy-five cents an acre is a simple arrangement." I said, "Fraught with difficulties because Alaska is going to turn out to get all the money. So," I said, "you need to take a look at that."

Well, the staff of the Interior Committee and some of the members that weren't from Alaska immediately saw this, and that's how they went to work in the House Interior Committee struggling back and forth, and there's a long tortured period of analysis and reanalysis. How would this work out? That's how they put these various caps in there. I don't know how the extra 10 cents an acre got in there, but as you know, the way the law is written, there are, I think, 12 classes of federal land that make some sort of payments to counties.

Shannon: All the so-called entitlements.

Wolf: Right. These are added together. If you're in a county that has six of these kinds of lands, that money is added together. Let's say it's $.50 an acre. Then under PILT that county can make a choice of getting an extra $.10 an acre or $.25 an acre, which brings it up to $.75. If it's getting over $.75 an acre, it can also get the extra $.10.

Shannon: Right.

Wolf: Now, again, that's probably another one of those zany Steigerisms: "Makes no sense; we'll just give it to them."

Robert Wolf Interview, OH 227-08, Archives & Special Collections, Maureen and Mike Mansfield Library, The University of Montana - Missoula
Shannon: In other words, under this legislation, every one of those 700 public land counties gets some pay?

Wolf: Something, yes.

Shannon: But whether they get $.75 an acre or $.10 an acre depends on the amount of what you might call the "commodity output" from the public lands on the county or other revenues.

Wolf: Well, to get over $.75, it takes ...

Shannon: The 25 percent fund.

Wolf: It takes commodity output ...

Shannon: Plus $.10.

Wolf: But if you're getting nothing out of the public lands - no receipts - then you get $.75. The other thing they then ran into was some states had a lot of acres and small population, small demand, so they put a population cap in. As you read that act, you see that long ...

Shannon: If you don't have any people in the county you get a lot per head.
Wolf: And the population cap affects Alaska, parts of Nevada and Vermont. The other thing that they didn't really scope out was that there are various ... state governments have different breakdowns and some have boroughs and some have townships, and some have dual taxing situations. As you know, where you've got a school district that's doing taxing and you've got a county that's doing taxing, and the funds are segregated, and some of those complexities were not dealt with, and there have been subsequent comptroller-generals' decisions, etc.

But anyway, PILT was enacted. When it went through the Senate, there was naturally no thought given to it because it was certain the president was going to veto it. Haskell, the Senator from Colorado, was also running for reelection. He was defeated. Not over this. He was just a guy whose time was passing. A thoroughly wonderful, fine guy.

Shannon: But his service period was over.

Wolf: Yes, in terms of the guy running against him, and the times. He probably was one of the finer members of the Senate. Just wasn't reelectable, wasn't charismatic, I guess. But anyway, it got through, went through the Senate with no debate, no argument. Why fight something the president's going to veto anyway? Why get up and raise hell on the floor about it?

Shannon: Why waste legislative time and energy?
Wolf: And then, lo and behold, the president signed it. That in essence is the story of PILT.

Once it was on the books, because you know Secretary Jim Watt recommended knocking everybody down to $.10 an acre.

Shannon: Oh, yes. I know.

Wolf: And he got nowhere.

Shannon: That's right. That's right. You know, I think the battle was more out here in the West than it was in the Congress. Our interest, for example, here in Missoula County and Western Montana and Northern Idaho, was that this bill, this provision of $.75 an acre or the 25 percent plus $.10 divided the interest groups being able to put pressure on county commissioners, so that the county commissioners no longer were in the industry's hip pocket, so-to-speak, because wilderness acreage burdens you the $.75, whereas areas that were running deficit sales were also being affected, giving you $.75. This became the issue, for example, in Western Montana.

Wolf: It might be useful, as a part of this story, to come back to the Wilderness Act. I also worked on that.

Shannon: Was this the Wilderness Act of 1964?
Wolf: Of 1964. I was in a little meeting with Clint Anderson on it and he was looking for ways to de-fuse the opposition of various groups. NACO didn't exist at that time - National Association of Counties. There was the Western Public Land Counties Association.

Shannon: That's headquartered down in Salt Lake City.

Wolf: Then it was run by Forrest Cooper out of Lakeview, Oregon.

Shannon: Oh, it was?

Wolf: And then there was a guy in Salt Lake City and another guy in Colorado. Their names ...

Shannon: One of them was like "Monk" or something like that.

Wolf: Yes. There were a couple of guys that did this. The oil and gas industry or the livestock industry could squawk and these guys would yell when they had their annual meetings. It was paid for by one of these groups, and it was a group of rural, very nice guys, that were county commissioners.

Shannon: That's right.
Wolf: But their favorite exercise was flailing the federal government and it was also their hobby.

The Rockefeller Foundation gave a grant to the National Association of Counties who hired Bernie Hillenbrand and Paul Carlin. Paul Carlin came in to set up a Western Public Lands County Subdivision within NACO and they were going to - and they did - undercut and destroy Forrest Cooper's group.

Shannon: Oh, yes.

Wolf: And bring them all into NACO and make the National Association of Counties a viable, effective lobbying force for county government. Paul Carlin is a close friend of mine so I know how it happened.

Shannon: And that battle was taking place before the revenue-sharing period of time under Nixon.

Wolf: Yeah. Late '50s, early '60s. This was when this is forming.

Shannon: Because that's a vehicle by the time you get to the Nixon Administration.

Wolf: Anyway, Clint Anderson talked with me about some of these things. He was the chairman of the Interior Committee at the time and I was working for him, and I said, "Well, I think there's two things that might be considered. The National Forest Act Payments to Counties
Act is based on the acreage of the national forests. If revenue is earned in one county, but the forest exists in three counties, the money is spread equally, based upon a percentage of the land."

And I said, "If there's no revenue, there's no payment." I said, "The Forest Service has been leading the counties to believe that the creation of a Wilderness Act will diminish the payments to the counties. We know that there's practically no revenue derived out of the present wilderness areas."

Shannon: Whether they're classified or not.

Wolf: Yes, regardless, the current administratively-created areas aren't producing any revenue, so the passage of the Wilderness Act isn't going to reduce the revenues. I think that maybe what we ought to do is to have an amendment that assures the counties that the creation of wilderness will not affect their payments. I said, "Just tell them that's what the law is."

Clint laughed and he said, "That's a great idea." He said, "Bob, I'm going to send you out to one of these county meetings." He said, "I'm going to get Alan Bible to get out to one of those and have you talk to these people."

Shannon: Now, Clint Anderson at that time was the senior Senator from New Mexico.

Wolf: He was the chairman of the Interior ...
Shannon: Yes, and Alan Bible was the senior Senator from Nevada.

Wolf: Yeah. And Alan Bible was the chairman of the Public Lands Subcommittee and a member of the Appropriations Committee. These were guys I worked with, you know. Anyway, I went out to a meeting of the National Association of Counties in Nevada because that was where it was going to be that year. And, as you know, I lived in Oregon at the time and I did a lot of stuff with Scoop Jackson. I knew a lot of the local government types in the counties. Ed Munro was a key guy in the National Association of Counties. He was county commissioner from Kings County, WA

Shannon: In the State of Washington.

Wolf: In Washington.

Shannon: That's the Seattle area.

Wolf: Another fine old gent by the name of Al Rochester was a close friend of Maggie's (W.G. Magnuson, Sen.- WA) and a friend of mine, also from the county. Mike Gleason from Portland was another guy I knew. He was from Multnomah County. There was another guy, Bill McDougall from down in California, a close friend of Senator Kuchel, who I knew. And so I went out and sat down with these guys, and Bernie Hillenbrand. And what we talked about was,
"You guys are busy trying to change the image of NACO, and what you have every year is this Forrest Cooper's outfit taking a shot at the federal government."

Shannon: Just a complaining session instead of a building session.

Wolf: Yes. I said, "Have you given any thought to supporting something like the wilderness bill?" And I explained to these guys that it won't cost them anything. And I remember Mike Gleason and Ed Munro looked at each other, "Gee!" You see, you've got Morse, you got Neuberger, you got Jackson and Magnuson all supporting this thing ... Tom Kuchel is a wilderness supporter. They said, "That's a hell of a good idea. We'll do it." So these guys put together this position of the counties supporting the Wilderness Bill. So that was how that happened.

Shannon: Well, that support got in there, which so many people hear about.

Wolf: The other one, which I pointed out to Anderson [although] he really knew it - I just sort of recalled it - the secretary of Agriculture can determine the level of grazing on national forests, based upon his judgment as to whether it's sound conservation and, therefore, we can consider grazing of wilderness a pastoral use. Since the secretary can cancel a grazing permit because it is doing damage to the land.

Shannon: That's right.
Wolf: He doesn't have to say it's wilderness. I said, "Why don't we just make grazing a pastoral use?" And Anderson decided to do that. But that didn't stop the ranchers from squawking.

Shannon: No. They still do.

Wolf: But anyway, again there was very little grazing in the wilderness areas because of their nature. They weren't good rangelands. But that's how we got this county issue resolved in the Wilderness Bill. And that became an important factor in getting support for the Wilderness Bill, because it combined with the goal of NACO which was to consolidate NACO as a national organization without having a rump county group always singing a different tune.

Shannon: Well, it seems to me it also put their power in behind the group of Western Senators with whom they had strange relations on some of the issues and here was a free ride for them.

Wolf: Oh, yes it worked very ...

Shannon: Anderson saw how to use you to provide them with the insight so that they could grab on to the free brass ring.

Wolf: As a staff person, I've described it in an abbreviated form. You are very cautious and careful in the way you helped your boss get to where he wanted to get.
Shannon: Oh yes, politically.

Wolf: To me the word "political," the key thing is nonpartisan. Political it is, and politics comes out of the word politis ...

Shannon: That's right.

Wolf: ... and it's a perfectly respectable thing and, as far as I'm concerned, all sorts of things are political, and that doesn't make them bad, but I know that in the vernacular, "political" is considered to be, like, sinful.

Shannon: When I mentioned "political" earlier, I was thinking about it in not just the partisan sense, but the sense of representing a single point of view in terms of a set of Senators, and that I'm sure you were able to protect yourself from doing.

Wolf: My job always was to work across the partisan spectrum of the committee. The guys I worked for always were trying to find the broadest base of support for everything they wanted to do, and they might have been Democrats or they might have been Republicans, but what they wanted was everybody with them.

Shannon: One of the questions I wanted to ask you was you have this payment in lieu of tax bill HR 9719 ...
Shannon: Back in 1976, when payment in lieu of taxes bill HR 9719 was passed, and when the Section 16 was put into NFMA to provide for 25 percent of the gross receipts irrespective of payments for KV road funds. The junior Senator from Montana was John Melcher from over at Forsyth, and I'd like you to talk a little bit about the direct role that John Melcher played in both the passage of the Payment in Lieu of Taxes Bill as well as his role in NFMA and the payment in lieu of taxes part of that to the counties. I've heard you mention Metcalf and Foley and Talmadge.

Wolf: I did not get myself heavily involved in the execution of PILT in the House Interior Committee where Melcher served. He also served in the House Ag Committee, and he was active in the National Forest Management Act issues, of course as a member of the House Committee. In fact, one of the little ploys Melcher kept using was suggesting that the House Interior Committee might seek jurisdiction over the National Forest Management Act, which really Foley didn't ...

Shannon: It was in the Committee on Agriculture. John wasn't a member of that committee.

Wolf: Yes, he was.
Shannon: Oh, he was? Agriculture Committee?

Wolf: Yes, but that he might derail it by getting it over to the Interior Committee. Tom Foley didn't think much of that threat and was privately prepared to deal with Melcher if he wanted to do something like that. But this was something Melcher kept throwing up if you read the business meetings of the House Ag Committee. You'll see it popping up every now and then. He was trying to use it as a leverage device for some of his ideas. But on the payment of the gross receipts in the National Forest Management Act, Melcher had absolutely nothing to do with its evolution.

Shannon: Who were the key players?

Wolf: The key player was Dale Bumpers.

Shannon: Was Dale Bumpers?

Wolf: Dale Bumpers.

Shannon: He was from Arkansas now?

Wolf: Dale Bumpers of Arkansas. He was the Senator from Arkansas. Dale was concerned that the Ozark Counties ...
Shannon: Part of the Mark Twain National Forest.

Wolf: No, the Ozark National Forest.

Shannon: Oh, the Ozark National Forest.

Wolf: That those counties were not getting a sufficient payment to counties because of the large amount of the timber receipts that was allocated to KV. And he wanted to change that, and he approached Senator Talmadge and expressed his concern, and I happened to be present at the discussion, and Talmadge said he thought Dale had a good idea - that there was no reason why the amount of money that the federal government took in for timber should ... because some of it went to reforestation ... should affect what the counties get.

Shannon: Right. Right.

Wolf: And I said, "Well, you know, this would introduce some complication, possibly, with the administration because of alleged fiscal impacts. But then there's also this PILT bill coming through," I said. "And the president said he's going to veto that." And so I said, "If you want to put it in," I said, "all of the other considerations that we're working on, it might make it."

Shannon: Did you do the drafting of Section 16?
Wolf: Yes, oh, yes. I did that.

Shannon: It's a nice piece of work.

Wolf: And so they said put it together. Bumpers introduced it. Senator Hatfield told me that we shouldn't put it in because it would cause a veto. I told Hatfield, "Well, that's something you have to resolve with Senator Talmadge and Senator Bumpers." I said, "You know, Oregon will probably get a lot more money this way," but I said, "It's not a matter I can ... I can't move stuff in and out of a bill; they've made that decision." And then, you see, underneath all this was Talmadge's strategy of making sure that he had unanimous support for a bill when it came to the floor.

Shannon: And he had it, didn't he?

Wolf: Yes. Talmadge was an astute, effective legislator. Some people get to be chairmen just by being there, and Talmadge had. But when they get to be chairmen some people are real legislative architects and Talmadge was. And Talmadge's strategy was to have pieces of this bill all over among the members where they had a part of it, and therefore he was going to get their support.

Shannon: In PILT commitment.
Wolf: We had Jennings Randolph sitting in on the markup of the bill because Talmadge had said that he invited him ... over the objection of the Committee counsel.

Shannon: Right. Right. And I can understand that.

Wolf: Talmadge said, "No, I want Jennings in here." Jennings Randolph was a fellow chairman - been in the House and the Senate since '34. Senator Talmadge was an old lion and he wasn't going to try to fight another old lion.

Shannon: No problem, I can appreciate that.

Wolf: And so anyway, this went into the bill with practically no debate, practically no discussion, and when it got over to the House, it was Jim Weaver of Oregon whose version of the bill proposed to add the Senate language.

Shannon: I see.

Wolf: So, and again in the House Ag Committee [had] virtually no debate about it. You look at it, you know, and there are big chunks of the Senate bill they took without discussion. They argued over sustained yield and the multiple use language, that stuff, though. The Metcalf
language was sustained yield, and the Bumpers language was Section 6-K. That was what was argued in the House. The payments to counties, heck, they paid no attention whatsoever to it.

Shannon: Could you tell me one other little thing, and that is, was there any relationship between this language and the push for Section 16, and the substitute language that was put in for sale authority by the Forest Service in substitution for the old paragraph 476, in other words, the new 472-A?

Wolf: No.

Another Voice: Excuse me. Before you go on, what’s Section 16?

Wolf: Section 16 is the payments to counties.

Shannon: Right. It's the payments to counties section in the National Forest Management Act. The Section 14 I just referred to is the timber sale provision that is a substitute for 16USC 476, which was repealed - the old sale authority for the Forest Service from the original organic act.

Wolf: The new sale authority in the national forest management act is unrelated to the county payment issue. Unrelated. In the drafting of that section, things were added like the salvage sale and so forth. The fundamental provision was to provide (it's right in the first few lines) - we kept
reciting the multiple use act - you know, that the secretary may sell under such and such rules and regulations as he may prescribe, may sell not less than appraised-value trees, portions of trees or forest products located on the national forest system lands. Just made it a completely clean, no restriction, don't have to be dead, down and mature.

Shannon: No, and they can be portions of trees, which the Forest Service had never had the authority to sell all along.

Wolf: John McGuire asked to have the authority to sell logs, and the Committee agreed to it, though the Forest Service has never used that authority, its permissive authority. But also forest products, you see, there were ferns and greens ...

Shannon: Huckleberries.

Wolf: Things like that, you know, which ...

Shannon: Mistletoe.

Wolf: Yes. Now the other provisions that were added in were unrelated really to the repeal of 476. We kept not only the sale authority as appraised value, using the language of the 1897 act, and the report says the appraised value is fair market value. We also kept the marking had to be
done by an employee of the department and so forth. And I understand that department is now
trying to move away from that considerably. But that's another subject.

Shannon: Otherwise no relation.

Wolf: No relationship. The change in the KV, the Knutson-Vandenberg Authority, which was
in Section 18, which broadened that, that was a Metcalf amendment.

Shannon: It was?

Wolf: Yes.

Shannon: I was unaware of that.

Wolf: That was put forward to Lee by Dan Poole of the Wildlife Management Institute, an old
friend of Lee's, had suggested that. The wildlife people were concerned that the Forest Service
was using the KV authority - and they were right - solely to plant trees for timber and not to
restore the land in terms of its total biological potential. And so they had discussed this with Lee,
and Lee asked me to draft some language on it, which I did. The timber industry objected
strenuously to that language. I think that was also one of the key things with Talmadge that
cauised him to become aggravated with the timber industry. As far as he was concerned, once the
money was paid for timber, what the government did with it was the government's business.
Wolf: And not the timber industry's business. And here we were talking about multiple-use forestry, and this was going to advance multiple use forestry. What the hell were they objecting to? I remember saying, "What are these guys objecting to? Don't they want good forestry on the public lands?" And it had complete support within the committee. Two senators tended to move with the industry on some things, McClure and Hatfield. My recollection is that they supported this firmly. Now the other part of that section, now that's significant, is the salvage section 14-H. I drafted that for Henry Bellmon of Oklahoma - member of Appropriations, member of the Budget Committee, ranking member of the Budget Committee, sound dollar man, member of the Ag Committee. He had been approached by people in Oklahoma, which had part of the Ouachita National Forest, that when they asked to have the Forest Service put up a little salvage sale, they'd say they didn't have the money. It wasn't in their budget. Now Weyerhaeuser's a big buyer in that part of the forest, and the little operators were saying, "They won't put up salvage sales for us because they say they don't have the money." And Bellmon said, "I'd like to have a provision that sets up a sort of a revolving fund."

Shannon: I see.

Wolf: That would provide for the sale of salvage timber. I told him, "Well, you know, the Forest Service really can do it."
Shannon: Sure.

Wolf: "Oh," he said. "I imagine they can do it." He said, "But they're not doing it and I want to
take away their excuse for not doing it." So we talked about how to draft it and what to do, and
his basic position was - first I told him, "The way you're approaching this, you know is backdoor
spending." He said, "Oh, yeah, Bob, I know that." But as a staff person, I always wanted to
make sure that a member I did something for didn't get snookered on the floor, and criticized
because I had failed to mention to him that it had a political Achilles Heel for him. And I just
wasn't sure that Bellmon fully sensed (sometimes you don't realize that something has a pitfall in
it like that). Once he knew it, that was fine with me.

So we talked about what to put in it. He said, "Well, let's cover the costs of making a sale
and running that sale, and do we have anything on roads? Let's do that." I said, "Fine." I said,
"You know, that isn't going to get all the costs back."

"Oh," he said, "I know that. But if they can't get that much, then they shouldn't sell it.
Just let it rot." He said, "I don't think that the Forest Service ought to be out there just selling
timber just because it'll rot." He said, "They ought to get back something that makes it
reasonably worthwhile."

I said, "Well, if that's the way you feel, Sander, we need to put language in here that says
that the counties won't get a share of the receipts, because as things stand now, they get 25
percent of the receipts, so the Forest Service, every time they sold a dollar's worth of timber,
would only get $.75."
"Oh," he said, "then let's do that. Say the counties won't get a share of receipts." He said, "This isn't going to hurt the counties." He said, "There isn't all that much money going to be involved in this program. We have a little revolving fund set up, and they'll run it here and there but it won't do great damage to the federal debt, the federal treasury. Take the county receipts. Knock those out." And that's the way we did it, and that's the way it went in, and that's the way the House adopted it.

Shannon: And that's the way it got passed and signed into legislation.

Wolf: And last year Hatfield put an amendment on the appropriation bill on some salvage, and said the counties will get a share of the receipts. [laughs]

Shannon: These things emerge slowly in time.

Wolf: But that's Senator Hatfield of Oregon. So that's also related to the county payment issue.

Shannon: It certainly is.

Wolf: Bellmon's view was that small amounts of money, where there's a public purpose in making the sale, that if the counties didn't get a share then it wasn't that important.

Shannon: That's right.
Wolf: And if the timber wasn't worth (and it's related to the below-cost issue) that modest amount, you might as well let it rot. The Forest Service didn't have to go out and remove every last tree from the forest that somebody said had fallen down, but he wanted to take the excuse away that they were using with small operators, where they would say, "Oh, we don't have the money in the budget; we can't do that." He wanted to say, "You guys have a little revolving fund and you can do it."

Shannon: He took away the excuse. Well, Bob, I've enjoyed visiting with you this morning over the legislation in this area of payment below taxes. And I find it fascinating to talk with you particularly about some of the construction in the part of the National Forest Management Act, that's not the amendment to the Resources Planning Act, but that residual part, and to discover the lack of relationship between one section and another, which people frequently tie together and try to make an organic whole that emerged from a single purpose. But you've, in this discussion we've had, have clearly shown the lack of unity and purpose in devising these sections from section 14 on in NFMA, but how they are supplemental to overall national goals as seen by members of the Senate in particular, but also House members, in accomplishing their objective. I want to thank you for this opportunity to have this discussion.

Wolf: There is one point that I would like to add, and that is in the current debate over below-cost timber sales, the Forest Service took the position with Chairman Yates of the Appropriation Committee in the House, that payments to counties should not be counted to determine whether
the Forest Service made or lost money. And Mr. Yates said that, no, that it will be counted. I'm
sure you've noticed the releases that the Forest Service makes, that they do their level best to
pretend the county payments aren't a part of the cost.

The realities seem to be, as I look at things county by county and examine the fiscal data,
that in virtually every below-cost sale forest, according to TSPIRS, the Forest Service accounting
system, that the timber receipts and your county roads and KV and National Forest Fund
moneys ... 

Shannon: The works.

Wolf: ... are not equal to $.75 per acre payment to the counties. Therefore, if you had no timber
sales, the counties would get just as much money under PILT as they get under the combination
of PILT plus the 25 percent.

Shannon: And the gross cost per county to the treasury would be less.

Wolf: Yes. But the Forest Service persists in the fiction that cutting out below-cost sales will
hurt the counties, and a lot of county commissioners don't realize that this is not true. I don't
state this as an argument for abolishing below-cost sales, but I do state it as an argument for
intellectual honesty in the federal government describing its relationships with states and
,counties.
Shannon: I can appreciate that.

Wolf: There are good arguments that can be made for a certain amount of below-cost sales, and they should be on a fiscally responsible, intellectually sound basis. The county payment argument is, in my view, not. And while that's not history, I think it might be a useful point to have in these recollections.

Shannon: I'm looking forward to hearing your remarks on the area of below-cost sales.

Wolf: Okay, we've completed the project

[End tape]