

# NATIONAL PUBLIC LANDS GRAZING CAMPAIGN

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A PROJECT OF  
**AMERICAN LANDS ALLIANCE**

January 5, 2005

Dear Public Lands Rancher,

I am writing to update you on various voluntary grazing permit buyout projects in the West, as well as the current prospects for voluntary buyout legislation in Congress.

By the close of 108<sup>th</sup> Congress, 26 members of the U.S. House of Representatives from 14 states had cosponsored either the Voluntary Grazing Permit Buyout Act (H.R. 3324) or the Arizona Voluntary Grazing Permit Buyout Act (H.R. 3337). Many joined the legislation at the prompting of conservation organizations. Others were persuaded by ranchers like you who reported that changes in markets, climate, laws, regulations and other conflicts have made continuation of their public lands grazing impractical. We anticipate gaining additional cosponsors when the legislation is reintroduced into the 109<sup>th</sup> Congress in 2005.

Both H.R. 3324 and H.R. 3337 would compensate federal grazing permittees or lessees who voluntarily relinquish their federal grazing permit or lease in the amount of \$175/permitted AUM (animal unit month). The associated grazing allotment would be permanently retired from grazing use. For example, if you have a permit to graze 300 cow-calf pairs for five months per year, your permit amounts to 1,500 AUMs, which would be eligible for a buyout payment of \$262,500 under either bill. Neither bill would affect management of allotments not retired for compensation and neither bill would restrict the ability of ranchers to transfer permits to their heirs or other ranchers.

Over 225 entities have endorsed voluntary grazing permit buyout, including conservation organizations, sporting groups, businesses, and ranches.

While the vast majority of cosponsors on the national and Arizona bills are Democrats, Republicans will also be pursuing voluntary permit buyout in the next Congress. Following are two examples.

**Central Idaho.** In October 2004, Rep. Mike Simpson (R-ID) introduced H.R. 5343, the proposed Central Idaho Economic Development and Recreation Act (CIEDRA). While there was no time for Congress to consider the Idaho bill before adjourning last fall, Rep. Simpson will be reintroducing the legislation into the new Congress next spring. Title IV of the legislation allows grazing permittees to voluntarily relinquish their permits in exchange for generous compensation. Any permit to graze within an area of approximately one million acres in north-central Idaho would be eligible for buyout. The bill provides for \$7 million to fund the buyouts. Rep. Simpson has said that he wants the buyout price to be \$300/permitted AUM.

**Cascade-Siskiyou National Monument.** President Clinton proclaimed this national monument near my home in southern Oregon in June 2000. While the monument proclamation put future livestock grazing in the monument in doubt, grazing was already problematic under provisions in the Northwest Forest Plan, which also applies to the area. Over a dozen grazing lessees have asked the Oregon congressional delegation to enact a buyout for their

grazing leases. Working together, these lessees and local conservationists have lined up the support of the Governor, local state representative, local state senator, the three county commissioners, the two daily newspapers in the county, the Jackson County Stockmen's Association and the Oregon Cattlemen's Association. As a result, both U.S. Senators Ron Wyden (D-OR) and Gordon Smith (R-OR) and Rep. Greg Walden (R-OR) have agreed to seek a buyout. Given the tremendous bipartisan and local support, I anticipate this effort achieving success in 2005.

Let me take a moment to review the proposed rates of voluntary buyout compensation being bandied about. First, the average west-wide market value of a federal grazing permit/lease is approximately \$35-\$75/permitted AUM. (Your banker can tell you more precisely what your AUMs are worth.)

Historically, most major conservation organizations have objected to the government paying for grazing permit retirement. They contend that since grazing on federal public lands is a privilege and not a right, no compensation is due to a rancher who has had his permit reduced or revoked. The National Public Lands Grazing Campaign argues the reverse. Although public lands ranchers have no property *right* in their grazing permit or lease, they do have a property *interest*, long recognized by the financial and real estate markets (not to mention the IRS). I am pleased to report that many conservation organizations are now either beginning to agree with our perspective, or are at least softening their opposition to voluntary permit buyout. One of the most powerful of these organizations, the Sierra Club, supports paying \$175/permitted AUM as proposed in the two bills introduced in Congress. This is a great step toward bridging the divide between the ranching and conservation communities.

The chief sponsors of H.R. 3324 and H.R. 3337, Reps. Christopher Shays (R-CT) and Raúl Grijalva (D-AZ), propose to pay \$175/permitted AUM because they want to avoid costly and contentious appraisals and recognize that permittees/lessees often have equity in developments on the allotment such as water projects and fencing. They also want to acknowledge the investment (financial and otherwise) public lands ranchers have made in their operations over the years.

By comparison, Rep. Simpson's proposed price of \$300/permitted AUM is approximately the capitalized value of securing replacement forage equal to the retired public land AUMs. According to the National Agricultural Statistics Service, the average cost of an AUM on private land in the 16 western states is \$12.32. It would take approximately \$300, invested at a 4.25% interest rate (comparable to a 10-year secured U.S. Treasury bond) to annually yield an amount in interest sufficient to rent forage on private lands.

Both \$175/permitted AUM and \$300/permitted AUM are *way above* the market value of any federal grazing permit. And if you have been affected by an endangered species listing, drought or an onslaught of recreationists on your allotment who leave gates open and shoot up your water tanks, your permit is probably worth less than before.

However, NPLGC supports paying more than market value to retire permits and leases—both the Shays-Grijalva price of \$175/permitted AUM and the Simpson price of \$300/permitted AUM. Also, these numbers are not mutually exclusive. The \$175 figure is offered as a comprehensive straight-up voluntary permit buyout program. The \$300/AUM is associated with additional congressional conservation actions—in this case the establishment of new Wilderness areas. However, the political process in Congress will finally determine what the standard figures for buyout will be, and under what circumstances.

Not only are major national conservation organizations reacting to the voluntary federal grazing permit buyout proposal, so too is the National Cattlemen's Beef Association. The following was adopted by a unanimous vote of the directors of the National Cattlemen's Beef Association on August 13, 2004. It is subject to ratification at the next NCBA Annual Convention in February 2005.

## RANGELAND HEALTH AND PERMITEE SECURITY

*WHEREAS, legislation has been introduced to authorize the buyout of grazing permits on federal lands and environmentalists are lobbying on behalf of the legislation in Congress, WHEREAS, we oppose any grazing permit buyout and we oppose any net loss of grazing Animal Unit Months (AUMs),*

*WHEREAS, the ranching industry needs a short-term policy that addresses the immediate challenge posed by the introduction of the buyout proposal and a long-term policy that addresses the causes and effects of the creation of vacant grazing allotments on public lands,*

*THEREFORE BE IT RESOLVED, the NCBA supports the introduction of legislation to compensate permittees for loss of income when permittees are forced to relinquish grazing permits because of government policy and conflicts with other multiple uses that render grazing impractical.*

*BE IT FURTHER RESOLVED, NCBA supports creation of an industry task force to develop a comprehensive legislative proposal for introduction in Congress to strengthen grazing on public lands by:*

- promoting rangeland health;*
- focusing the commitment of federal funds on resource management rather than administrative processes, to the extent allowed under the law; and*
- other factors needed for a healthy and vibrant grazing industry on public lands.*

The NCBA's change in position on permit buyout is significant—but inadequate, insofar as a comprehensive voluntary grazing permit buyout program is concerned. I interpret this language (“therefore be it resolved”) to mean that NCBA will support compensation to a distressed permittee/lessee *only* when the hammer of government action (due to endangered species, grazing rules, multiple use conflicts or whatever) has already been dropped.

The goals of new legislation identified in the NCBA resolution (“be it further resolved”) would prove difficult to attain, especially addressing “other factors needed for a healthy and vibrant grazing industry on public lands” (last line of resolution). To achieve this goal, at a minimum, Congress would have to: (1) repeal at least a dozen environmental protection statutes; (2) ban foreign beef imports; (3) force consumers to eat more beef; (4) restrict recreation on public lands; (5) increase the price of beef; (6) decrease the cost of production; (7) end drought or the threat of drought *and* (8) require ranchers to graze public lands, even at loss.

If you would like the option of being generously compensated for waiving your interest in a federal grazing permit/lease, you need to inform the leaders in the public lands grazing industry of your opinion. Even if you are not a member of the NCBA or a state affiliate, they need to hear from you, as they purport to represent you on Capitol Hill. In addition to contacting any local cattle industry leaders you know, you may also wish to express your opinion to the chief NCBA public lands lobbyist before the NCBA Annual Convention in San Antonio on February 2-5.

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I would like to close by sharing with you what I've been telling my reluctant colleagues in certain conservation organizations that either oppose paying for grazing permits or leases or want to limit payments to market value. I tell them that federal lands grazing permits are increasingly becoming stranded investments due to a multitude of factors, including, but not limited to: (1) irreconcilable

multiple use conflicts; (2) an increasing number of recreationists on public lands spilling out from increasing urban populations; (3) increased enforcement of environmental laws; (4) foreign beef imports, and (5) the increased economic and political clout of meat packers. I also tell them that public lands grazing is a part of the rural American West that is being left behind by the modern global economy and that I believe that we are a rich country that should not leave anyone behind. Permit buyout is a way to recapitalize a part of the American rural West that is in decline.

Some of my colleagues ask me what the ranchers will do with the money. I tell them that some will take the money and reconfigure their operations exclusively on private lands without a federal overseer. Others will use it to get clear of the bank and have a little something left over. Others will invest in a new business, retire, or leave a cash legacy for their heirs.

Conservationists and ranchers will probably never agree on most public lands grazing issues. But we need only agree on one thing: that if you want to sell your interest in your grazing permit back to the government, you ought to be able to do so.

If you want a buyout of your grazing permit/lease, if you want the option as insurance (against drought, fire, bureaucrats and/or markets), or if you think your neighbor should have the right to sell his/her permit, you need to speak up.

Thank you for your consideration. Please contact me if you have any questions or comments about voluntary federal grazing permit buyout. I look forward to hearing them.

Sincerely,

Andy Kerr  
Director

AK/ms/jb/rm

P.S. If you want to explore the possibilities of enacting a site-specific buyout of grazing permits for yourself and others in your area (such as the CIEDRA bill in Idaho or the Cascade-Siskiyou National Monument opportunity in Oregon), please contact either myself or one of the NPLGC Steering Committee members listed on the letterhead.

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- *Voluntary federal grazing permit buyout gaining traction in Congress.*
- *National Cattlemen's Beef Association position to be critical.*
- *Open now for details.*