

**September 30, 2010**

**The Cabin Fee Act of 2010: A Statement on some *Tough Issues***

As volunteer leadership, representing *all* cabin owners across the country, the Cabin Coalition 2 group has had to address many subtle complexities and political realities in framing the Cabin Fee Act (CFA) under the direction of Congress. Frankly, the CFA is not a perfect solution, but it is intended to ensure the viability of the Cabin Program well into the future by keeping the Program affordable for most current cabin owners by maintaining a fee range of \$500 to \$4000 (Raised to \$4500 in S.3929). If we are not successful in replacing CUFFA as the basis for our use fees, we believe that we will lose over 2000 cabins in the next 3-5 years because of the inability of families to pay those high fees or to sell their cabins in the face of those unsustainably high fees. As cabins are lost, the overall Program suffers and future appraisal cycles will likely add to those losses. As the Program shrinks, the viability and survival of the entire Recreation Residence Program becomes doubtful. Please consider the following points.

**Revenue Neutrality:** The CFA must meet the ‘revenue neutral’ requirements of Congress. ‘Pay-as-you-go’ legislation in Congress makes this unavoidable. Unfortunately, we are being compared to the projected revenue amounts that CUFFA appraisals would have generated over the next ten years, a projection that we believe is unfair and inaccurate to begin with. Fortunately, we have already successfully argued that the Forest Service CUFFA revenue projections are seriously flawed. The Congressional Budget Office (CBO) has reduced the Forest Service estimate of revenue under CUFFA by over 15% in their analysis. While we believe that further CUFFA revenue reductions were warranted and supported by the information we submitted, the political reality is the final determination of revenue neutrality by the CBO is the standard we are required to meet by Congress. The CBO will render their final decision very soon and we believe the revised CFA fee structure will meet the requirement.

**Fee Retention:** The Fee Retention proposal, as specified in the “Mark-up” version of H.R.4888, would have provided the Forest Service additional revenue of \$500 per cabin per year, specifically designated to fund the administration of the Program. However, this provision has been removed, with the advice of Cong. Doc Hastings’ staff, because it would increase the revenue needed under the CFA, thus also raising the need for higher fees across the board. The CBO has forced this point by interpreting this provision as an increase to the Forest Service budget, thus increasing the revenue needed to cover that increase.

**CFA Fees:** Because the \$34 million revenue scoring is reality, the original proposed fee structure needed to be adjusted upward. Fee tiers at all levels are sharing that burden. Under the CFA, as represented by Senate bill S.3929, we are projecting that 20% of all cabins will see a modestly higher fee than they will under CUFFA *initially*. (Modest means between \$50 and \$500 annually). This is not an outcome anyone has wished for. However, that is only the short term view, because these folks and everyone else will continue to face potentially much higher fees in the future, with subsequent appraisals every ten years, if CUFFA does not get changed. Also, remember that the minimum fee of \$500 was set so that even the lowest fees would cover the FS costs to administer the Cabin Program. This is fair to the US taxpayer, too. Support for and passage of the CFA will secure future affordability of the Recreation Residence Program.

**Original User Fee Tiers**

Tier	% Permits	No. of Permits	User Fee
1	10%	1,400	\$500
2	35%	4,900	\$1,000
3	40%	5,600	\$2,000
4	10%	1,400	\$3,000
5	5%	700	\$4,000
<b>Total</b>	<b>100%</b>	<b>14,000</b>	<b>\$1,700</b>

**Revised User Fee Tiers**

Tier	% Permits	No. of Permits	User Fee
1	8%	1,120	\$500
2	12%	1,680	\$1,000
3	12%	1,680	\$1,500
4	14%	1,960	\$2,000
5	14%	1,960	\$2,500
6	14%	1,960	\$3,000
7	12%	1,680	\$3,500
8	8%	1,120	\$4,000
9	6%	840	\$4,500
<b>Total</b>	<b>100%</b>	<b>14,000</b>	<b>\$2,400</b>

**Tier Assignments:** The assignment of a given cabin into a specific fee tier will not be known with certainty until all appraisals under CUFFA are completed and ‘normalized’ (adjusted for inflation) to a common date of value. This normalization will span the period from 2006, when the first appraisals were completed, to the completion of all appraisals. This will produce the rank order (from lowest to highest) of all 14,000 cabins, from which the tier assignments, by percentages, will be made. We believe that the final fee determination for a given cabin will probably not occur until the end of 2013. The CFA transition period provisions will apply in 2011 through 2013, at least.

**Fairness for All:** To address the thought that ‘some lower appraised cabin owners are being asked to subsidize the higher appraised cabin owners’, please consider the following. Among the problems with CUFFA, which we believe the CFA in large part corrects, is not just that some cabins have high appraisals, but that unfairness and appraisal variability occurs across the CUFFA fee spectrum, including the low end, the middle and the high ends of the spectrum. Most folks conclude that low fees equate to fair fees, however, there are many examples that refute this conclusion. There is variability and unfairness across the cabin fee spectrum under CUFFA. The CFA is a solution that moves us overall in *the direction of fairness*, while maintaining affordability of the annual fees and the marketability for those who must sell. *We are all in this together* if we want to guarantee the future viability of the Recreation Residence Program.

**Positive Outlook:** While some compromise by Cabin Owners *and the Forest Service* was necessary to achieve Congressional support for the bill, the CFA remains a far superior solution compared to the many problems of CUFFA. It is important to recognize the many positive benefits retained and addressed by the CFA.

- Lower average fees (\$2400 vs. \$3500) compared to CUFFA, leading to much lower fees over time.
- No unexpected or unrealistic future fee increases due to a flawed appraisal process.
- Predictable and modest future fee increases, limited to the annual IPD-GDP index.
- Fee stability that maintains marketability of cabins and retention of cabin values.
- Affordable fees keep the Program within reach of the typical American family.
- Simpler to administer by the Forest Service and cabin owners, alike.
- A fair range of user fees where the highest fee is less than 10 times the lowest fee, acknowledging some variation due to location.
- Predictable and affordable fees lead to retention of cabins and survival of the Forest Service Recreation Residence Program for future generations.