The Michigan Association of Timbermen & Great Lakes Timber Professionals Association

March 14, 2011

The Honorable Tom Casperson
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The Honorable Matt Huuki
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Dear Senator Casperson & Representative Huuki:

We would like to thank you once again for recognizing the difficulties our industry is facing here in Michigan and your willingness to help find a solution.

Attached you will find a 2 page summary of what we see as the primary needs of the forest products industry here in our state. It also contains our recommendations to begin in the direction of resolving or improving the situation.

We view this as a work in progress and look forward to continuing to be a part of improving the industry for all. Forest products are a vital part of Michigan's economy today as well as a great part of Michigan's history. We believe its survival is paramount.

Sincerely,

Brian

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President,
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Needs of Michigan's Forest Industry

Michigan State Forests

Less than 2% of the State of Michigan's forestlands are harvested each year, which equates to a typical acre only being harvested every 50+ years. Though this may be acceptable for even-aged tree species such as aspen and jack pine, when this is averaged together with other species such as red pine, white pine, oak, and northern hardwood that should have regular thinnings/harvests, the current 2% harvest rate becomes unacceptable. A well-managed and diverse forest could have harvests on almost double the current acreage.

Additionally, many stands are not treated at the appropriate times to optimize economic return and regeneration potential, along with losing years of productivity. For example, an aspen stand that is cut when it is 75 years old but should have been cut at 50 years of age will typically lose volume due to mortality and a loss of 25 years of new stand growth.

Proposal

Enact third party assessment of current management practices and potential volumes/income that could be obtained annually.

National Forests in Michigan

There are three national forests in Michigan, with approximately only 1% of their total acreage harvested each year. This ratio is even worse than the one found on Michigan state forestlands. Without proper management, these forests are susceptible to numerous forest health issues including insect, disease, weather, and fires, which healthy, well-managed forests are better able to withstand.

Proposal

For the State of Michigan to petition the USFS to intensify the management of national forests to at least their current allowable cut levels. To do so will lessen the risk to state and private lands that border the national forests from the forest health issues that can start on national forests because of the unmanaged conditions.

Michigan Private Forestlands

There are over 11 million acres of private forestlands in Michigan, including over 2.2 million acres under the Commercial Forest Program. In spite of the significant acreage, there is very little emphasis on private forestlands in the Michigan DNR Division of Forestry, with less than the equivalent of two full time positions being allotted to private forestland managed in the entire state. Contrast this to Wisconsin, which has the equivalent of 80 full time positions working with private forestland owners and the lack of assistance becomes apparent.

The Commercial Forest Program provides a huge property tax break for those enrolled in the program with little to no enforcement of the intent of the act (having a current management plan and following the prescriptions of that plan).

Additionally, there are very few educational/informational resources that are readily known by Michigan's private forestland owners.

Proposal

- Overhaul the Commercial Forest Program and ensure true benefits to the state in return for the reduced property taxes to the landowners.
- Compare the Commercial Forest Program to other tax law programs in other states to look for potential solutions to current issues.
- Develop a task force to develop recommendations for increasing assistance to private forestland owners, regardless of affiliation (i.e. assistance could come from DNR, county conservation districts, private industry, cooperatives, etc.). Recommendations including timelines would be presented to the Michigan House of Representatives Forestry Subcommittee.

Forest Industry Assistance

Twenty years ago, both the State of Michigan (3 full-time Forest Utilization and Marketing positions) and the federal government (60 full-time Forest Utilization and Marketing positions plus funding directly to the states) put much more emphasis on providing assistance to the forest industry. Today, there are no Forest Utilization and Marketing positions at the state level in Michigan and only three nationwide at the federal level.

In order for forest industry companies to make informed decisions regarding maintaining and/or expanding operations, they need current and accurate information on resource availability. While many large companies have their own staff to assess resource availability, a majority of forest industry companies have been reliant on technical assistance from government specialists, not only for resource analysis but for production and marketing assistance as well.

These specialists also serve as a liaison between government and industry, identifying problems and opportunities for the forest industry as a whole and for specific companies. It has been proven repeatedly that retaining and expanding existing companies is a much more effective way of supporting a vibrant economy rather than recruiting new companies. Having specialists that have open communication with forest industry companies can potentially avert plant closings or cut backs by identifying assistance, new markets, etc.

When compared to the agricultural industry, which has numerous specialists at the state and federal level, the assistance given to the forest industry is nearly nonexistent.

Proposal

Evaluate efforts in all state agencies (MI DNR, MEDC, MI Dept. of Agriculture) to assist the forest industry and develop a plan to address the critical issues of forest industry, such as:

- Resource availability
- Resource analysis
- Lean manufacturing
- Technical assistance on production methods
- Marketing
- Exporting
- Etc.