

Testimony before the Senate Appropriations Sub Committee
Testimony before the Senate Appropriations Sub Committee
On Natural Resources
May 1, 2007

Regarding
FY 07- 08 DNR Budget
Forest, Mineral and Fire Management

Good morning Madam Chairwoman and Committee members. We (Gene Francisco and Tom Barnes) are here on behalf of the Great Lakes Timber Professionals Association (GLTPA) and the Michigan Association of Timbermen (MAT) to express our concerns over the loss of funding in the Forest Finance Authority and inadequate funding for the sustainable management of state forest lands in the DNR budget.

Our organizations represent a wide array of small businesses in the forest products industry many of which are second and third generation family business owners who have a vested interest in a sustainable supply of timber from state forests.

Michigan is blessed with vast forest resources but unfortunately we have not realized the full economic and environmental impact our forests can have on our quality of life. With more than 8 million cords of surplus timber rotting across Michigan's landscape, the Forest Finance Authority (FFA) was our last glimmer of hope that could turn this liability into an asset that creates jobs, energy independence and diverse productive forests for present and future generations.

The FFA is a budding organization that barely had its feet on the ground before the E.O. 2007-3 cut the majority of its funds and a Senate supplemental budget amendment cut the remainder of the funds. Our members request that you give the FFA a chance to have an impact on the future of our forests and forest products industry by restoring the \$20 million back to the FFA and rejecting the proposal to cut the remaining funds in the FFA.

Regarding the 2007-08 budget we understand the need for fiscal constraint to meet the state's projected budget deficit. However we see no logic in cutting funds that will generate revenue. For every dollar invested in harvesting timber \$6-8 dollars are returned to the FDF. Section 805 of the 2007-08 budget deletes the requirement to appropriate funds to contract with private foresters to mark state timber (\$700,000). This will result in about 10,000 less acres of state timber sales offered for sale next year further diminishing FDF revenue by about \$5 million.

We recommend retaining the current language in Sections 805 and 806 and earmarking \$2 million in Sec 805 for contracting with private foresters to mark sufficient timber to meet the 63,000 acres of timber harvest mandated in Sec 806. This should increase revenue to the FDF by \$10 -14 million, improve the health of state forests and keep our loggers and mill workers employed.

Michigan state forests are comprised of about 3.2 million acres of productive forest land in 14 major forest types which require thinning or harvesting to maintain forest health and regenerate new young forests. Current inventory data suggests that when you apply the DNR forest management rotation and spacing guidelines to the various forest types, 81,761 96,458 acres require harvest and thinning treatment annually. However the legislatively mandated annual harvest is 63,000 acres. Every year we request an allowable harvest level be established based on scientifically based inventory protocol, but we have yet to see this study. Therefore we request that \$500,000 be appropriated to contract for an independent inventory and allowable harvest assessment to determine the sustainable harvest level. If current inventory data is accurate, the higher sustainable harvest level could increase revenue to the state by an additional \$24 million, improve forest health and provide incentive for industrial expansion in forest products related industries; a sound business investment for the state.

In addition to the budget initiatives already mentioned we also request funds be appropriated to the following initiatives to stimulate sustainable forest management on family forest lands.

*** Increase forest management on family forest land through certification:** Allocate \$50,000 for Master Logger Certification scholarships and \$100,000 for grants to organizations for the establishment of Forest Certification Groups. Master Logger Certification provides private landowners assurance that their logging contractor will harvest their timber in accordance with sound environmental and ethical standards. This will help remove the reluctance of contracting a logger and require less investment in administrative oversight. Group certification provides a cost effective way for private forest landowners to obtain forest certification on their land and participate in the Qualified Forest program with little to no government oversight. In order to maintain forest certification a landowner must follow a forest management plan and meet the requirements of periodic third party audits. This will stimulate employment among the consulting forester ranks and increase timber supplies from family forests.

*** Provide professional forest management advice to private forest landowners:** Allocate \$1 million from the general fund to the Department of Agriculture to fund Conservation District foresters to provide a source of information and advice to family forest owners interested in managing their forest resources. Family forests comprise 65% of Michigan's forest land and contain the largest surplus of over mature and overcrowded timber. Encouraging sustainable management of these