

Facts of the Week

I hope all of you had a safe and good summer. As we head into fall we are hearing of small upticks in our economy and I hope this proves to be true and not false hope. I would like to give you some updates on what we have been up to since the last time you received this fax.

Biological Stewardship Areas – BSA

- ❖ The Northern Lower Peninsula (NLP) has completed the process of recommending BSA's to the State. The table below is where the BSA's were established.

Ownership	Total BSA Acres	% of Total	Total Acres	% in BSA	Highly Compatible	% of Category
State Park	45,000	4.0	53,000	84.9	33,000	73.3
State Wildlife	46,000	4.1	142,000	32.4	13,000	28.3
State Forest	365,000	32.4	2,100,000	17.4	49,000	13.4
USFS	284,000	25.2	1,900,000	14.9	107,000	37.7
NGO	5,400	0.5	38,000	14.2	1,000	18.5
Other Conservation	2,300	0.2	NA	NA	200	8.7
Private	364,000	32.3	NA	NA	1,000	0.3
Total	1,127,000				204,200	18.1

So what does this all mean, it is hard to tell exactly what the implications will be regarding these BSA's because it all hinges on what will the management be for these areas. If there is little to no management then roughly 17 % of the state forest in the NLP will no longer be available for timber harvesting. We expressed our concern over the size and amount of acres being designated on state land but this train was head for derailment from the beginning. The NLP should be available for public comment in November and MAT will be commenting and I hope our members will too.

- ❖ The Western UP is close to presenting their recommendations division and this will take place on October 19th. Again there will be considerable acreage on state land designated.
- ❖ The Eastern UP is about halfway through the process. I tried to attend in person as many as possible of all these meeting. In some cases these groups were meeting weekly and often two different regions in during the same week. Because of travel, I started to attend via phone so I could get some other work done. We as an industry will need to band together in making sure we can continue to manage these areas once designated. I will let you know when comments will be accepted for each region.

Forest Management Advisory Committee (FMAC)

- ❖ The FMAC met to discuss various bills that could impact the management and forest resources of our public lands. Here are the recommendations”

HB 4411 (Sheltrown), dealing with the operation of ORVs

RECOMMENDATION: Generally, the FMAC does not support the broad-stroke approach of ATV and ORV use on state forest land; should be more directed on persons with disabilities and focus on definition of personal assistant vehicles. The FMAC reached consensus on this recommendation, with the exception of Mr. Paulson and Ms. Boyd, who cannot take a position due to their different affiliations.

HB 5058 – developers looking to buy state land and replicate St. Andrews golf course

RECOMMENDATION: The FMAC does not support this Bill, but it has no recommendation on how to make it a better deal. Its opinion is that it is bad policy. The DNR’s departments recently completed a land consolidation strategy on property eligible for sale to private entities, and this property was not one. All FMAC members approved this recommendation, with the exception of Ms. Boyd and Mr. Paulson who cannot take an official position because of their affiliations.

HB 4510 / SB 578

RECOMMENDATION: The FMAC is in agreement with the DNR’s unofficial position with these two bills. It thinks the Bill is setting a precedent for bad public policy in general.

SB 496 – Covers funding issues, giving permits or tags, fees, etc, for people utilizing horse trails.

RECOMMENDATION: The FMAC supports the concept of a fee for user-groups, but not as narrowly as presented in this Bill. It needs to be broader to include all user-groups as well as multi-use trails. All members agreed with the exception of Ms. Boyd and Mr. Paulson due to their affiliations.

SB 599 – 603 – Covers the change of the present administration to consolidate departments.

RECOMMENDATION: The FMAC is going to wait to see what these bills look like in a more polished form, and what other options might be presented. It is not taking an official opinion at this time on any departmental restructuring bills.

Woody Biomass Harvesting Guidelines

This document is going through the review process and is in pretty good shape. Again a point of argument about this document is it could change the way current timber harvesting is conducted. This document is to provide guidance and like the BMP manual is voluntary in nature.

Michigan Deer Advisory Team (MDAT)

MDAT finished its recommendations to the Wildlife Division regarding deer management in Michigan. The document is currently going through the review process and will be presented to the Natural Resources Commission in November. Here is the Vision Statement for MDAT:

Our vision for successful deer management in Michigan is healthy and balanced deer populations and habitats; both managed actively using science-based principles, which consider social and economic impacts, employing hunting as the primary method for managing deer demographics, to provide a variety of values to Michigan citizens.

Timber Sales Minimum Bid

Members from Michigan Forest Products Council and MAT met with NRC Land Use Committee to discuss our concerns over the current method of how the minimum bids are determined for state timber sales. There was not enough time to truly discuss this issue and a follow up meeting is planned for October 16th. It is our position that current system needs radical change. We have proposed looking at operational cost at either a per unit basis, for example by tons or cords or on a per acres basis. DNR has indicated that they have a constitutional responsibility to get a fair price for their assets, we don't disagree. However, during down turns in the economy like we are in now that fair price does change, just look at your property values. We will continue to fight to change the current system so it will make measureable improvements to our operations.

BCAP

BCAP is drawing a lot of interest over the past few months. This is a program where eligible suppliers of BCAP Biomass will be given up to \$45 per dry ton. Both the supplier and consuming facility must apply to become eligible suppliers and receivers of BCAP wood. This program was established to help boost the biomass markets and allowing suppliers to economically produce biomass. There are a couple of problems: 1) This only a two year program and nationally only \$25 million dollars have been allocated for this project and roughly 22 facilities are eligible consuming mills, so this is roughly 1 million per mill. There will be more mills that come on line. 2) There are several rumors nationwide that consuming mills will be dropping their delivery price for BCAP wood since the producer is getting additional funding from the program. This is not what the program was set up to do, unfortunately this is the reality.

Legislative

Things have been relatively slow legislatively as our officials had much of the summer off, even though our state budget issues had not been resolved. We did meet with Treasury again to work out our difference on our Sawmill Sales/Use Tax bill. I even put the language they wanted in the bill and they still have an issue with it, have we heard this before? Short answer yes last year with the

logging bill! Now that our officials are wrestling with the state budget everything else is pretty much at a stand still till the budget is passed. If your company is going through a treasury audit, two things, if you are a logging company all your woods equipment is 100 percent tax exempt, dozers are a gray area, second if you are a mill and feel your assessment is too large appeal your audit and contact us and I will be willing to go to the review board with you to fight to lower your assessment. We are still working on an avenue to level the playing field with the Amish.

Membership

We have changed our publisher from Avanti to Campbell Printing. If Campbell Printing hasn't already contacted you they will be shortly regarding advertisement in the 2010 directory and also magazine ads. We have changed our publications to 4 quarterly magazines, basically merging Timber Talk with our Michigan Forestry magazine. It is our intention to produce a higher quality publication.

It is that time of year for membership renewal. Thank you to those companies who have renewed for the upcoming year! If you have received your notice but haven't sent it in please do so, roughly 70 percent of our budget revenue comes from your support. The association needs your support so we can continue to fight for your rights and while minimizing the cost of doing business in Michigan. The amount of work your association has been able to do since its establishment is a direct reflection of your support. During these difficult economic times our work is most important. As our State is struggling to find ways to generate revenue they are looking to eliminate tax exemptions such as our property tax and sales/use tax as well as our log plate. Also if you know of companies who are not members I urge you to strongly talk with them about supporting their industry and joining MAT. It is truly an honor to represent you and thank you for your continued support!