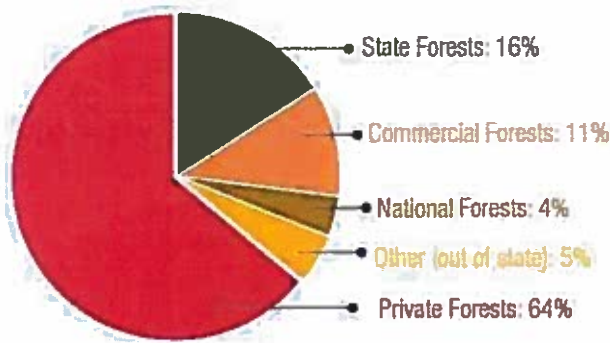


# Michigan Forest Products Industry Snapshot



## Michigan Forest Products

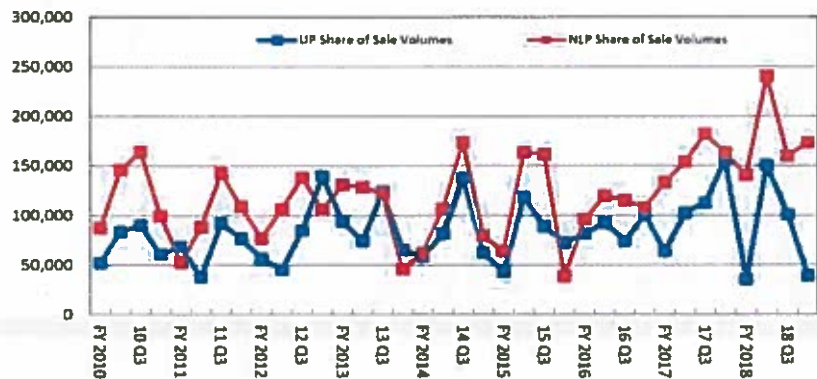
Annual Economic Impact	\$20.3 billion supporting 96,000 jobs
Michigan's Total Landmass	20.3M acres are forested (55%)
Total State-Owned Forest Lands	4.59M acres 3.23M acres open to forest management
Total Federally-Owned Forest Lands	2.7M acres in 3 federal forests



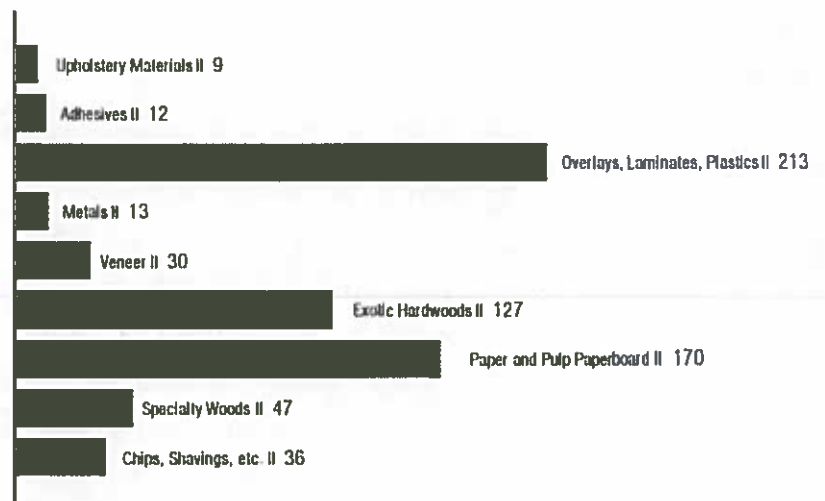
**NONINDUSTRIAL,  
PRIVATE FORESTS:  
LEADING SOURCE OF  
TIMBER SUPPLY**

## Total State Forest Pulpwood and Sawlog Sale Volumes (cords) by Michigan Peninsula, FY 2010-4<sup>th</sup> Qtr, FY 2018

*Pulpwood volume dropped significantly in the UP but rose slightly in the NLP in the 4<sup>th</sup> Quarter of 2018. UP pulpwood sale volumes dropped for the second consecutive quarter to 37,000 from 92,000 cords; the NLP volume moved northward slightly to 116,000 cords from last quarter's 114,000.*



## MICHIGAN INDUSTRY PRODUCTS: NUMBER OF COMPANIES PER MATERIAL CATEGORY





# Michigan Forest Products Council Policy Objectives

## Sustainable Forests

The Michigan forest products industry contributes over \$20 billion and 150,000 jobs to Michigan's economy annually. Michigan has one of the largest dedicated forest systems in the U.S. at over 20.3 million acres. Threats to our forest system include a lack of forest management, invasive species, and commercial development. These may all decrease Michigan's forest health.

- Maintain current state forest harvest targets for acres treated and cords produced annually
- Continued forest management can decrease the frequency of fire, disease, dying trees and habitat loss for threatened and endangered species
- Increase utilization of Good Neighbor Authority to reach allowable sales quantities on federal forests in Michigan



## Forest Roads & BMPs

Forestry activities and forest roads are exempt from regulation under the Clean Water Act. Further regulation of forest roads by the EPA is not necessary. These activities are most effectively regulated by states through Best Management Practices (BMPs) for water quality. We partner with the DNR to fund an independent audit of statewide forest BMPs and call on the DEQ to work with the forest professionals to assure the effectiveness and consistency of stream crossing guidelines.

## Qualified Forest Program (QFP) & Commercial Forest Act (CFA)

These programs, unique to Michigan, keep private forests intact, enhance timber supply and provide numerous public benefits. Commercial Forest Act (CFA) lands are open to hunting and fishing. Forest recreation adds nearly \$3 billion to the state's economy each year. Active forest management and habitat conservation on forest lands through QFP and Tree Farm benefit landowners. We support expanding these programs.

## Competitive Tax Policy

Michigan's forest job creators need a tax system so that they can compete effectively in a global economy. While Michigan's tax system has improved, continued economic incentives, personal property tax relief and regulatory reforms will improve economic growth, job opportunity, capital investment and the competitiveness of Michigan based operations.

## Grow Fiber & Wood Supply Chain

Sustainable active management remains a priority, particularly as Michigan's forests continue to grow at more than twice the (2.7) rate they are harvested.

- A stable fiber supply is the life blood for a vibrant forest products economy in Michigan and has helped to grow the sector over \$20 billion per year - primarily achieved through new investment in manufacturing and exports.
- Recycling is one of the industry's greatest success stories. The industry blew past its goal of 60% recovery in the first decade of the 21st century.

Michigan's active forest management program on over 4 million acres is the backbone of a fiber supply pipeline that has been enhanced by the strong state commercial forest act (CFA), Qualified Forest (QF), and Tree Farm programs.

Michigan's forests are Sustainable Forestry Initiative (SFI) certified. Forests certified to the SFI Forest Management Standard cover more than 280 million acres of forest land nationally.

A top priority for the forest products industry is to encourage investment, and research and development into new bio-material and bio-chemical product markets from Michigan's sustainable wood fiber.

In 2018, Michigan's forest industry contributed \$54 million in timber sales to the state. This is an increase of about 6-fold from \$9 million in 1989. In addition, roughly 60 thousand acres were harvested compared to 46 thousand in 1989.

# Michigan Forest Products Council Policy Objectives

## Talent

Our goal is to invest in attracting, retaining and training skilled and talent workers. We partner with community colleges to provide opportunities for Michigan's citizens. At the same time, Michigan must guard against cost increases in workers' compensation costs and fairly enforce workplace safety regulation.



## Energy

In 2016, Michigan enacted a new comprehensive energy law with the goal to eliminate energy waste, improve reliability, and create new electric generation. MFPC encourages legislators to provide oversight on the Public Service Commission's implementation of the new law and encourage competitive energy markets to drive down costs. Another top priority is ensuring that the biomass energy produced and used in our facilities is considered carbon neutral.

To that extent, there are claims that PURPA results in the purchase of unneeded or more expensive power or that certain facilities are not properly obtaining QF status, those issues can be addressed by ensuring greater transparency and using existing tools, through guidance or better enforcement. Examples of those tools include:

- Resource-specific avoided cost rates
- Market-based energy-only pricing when capacity is not needed

## Transportation

Department of Transportation (DOT) estimates that by 2025, the amount of freight shipped throughout the U.S. will increase by 87 percent from 2000 levels. The National Association of Manufacturer's estimates that overall investment for repair and maintenance of our nation's highway system would be \$629 billion and an additional \$112 billion for bridges. Shippers like the forest products industry are crippled by additional costs and long lead times due to deteriorating conditions on the federal interstate system. Michigan legislators should make the proper investments in our state's roads and bridges to ensure that businesses can compete in a cost-effective, efficient and safe manner.

MFPC advocates for investments and policies that will ease congestion on roads and create safer, stronger highways. The forest industry, county road commissions and MDOT must work together to effectively balance fiber supply needs with frost weight restrictions. MFPC supports additional funding for roads and to maintain current weight limits. We encourage efforts to improve freight rail service through the Lake States Shippers Authority (LSSA) and other regional initiatives.

## Environment

MFPC believes that Michigan's environmental rules and regulations should not exceed federal standards, and that environmental standards should be based on sound science. We support efforts to develop rules and funding for removing barriers to cleanups; including funding for the Clean Michigan initiative, water quality standards and PFAS monitoring. Michigan should continue repealing outdated rules and regulations.

Government imposed product taxes increase costs for consumers and can create distortions in the free flow of recoverable commodities.

- Paper bags are made from a renewable resource — trees. The U.S. grows more trees than it harvests. There are 20 percent more trees in the U.S. now than there was on the first Earth Day in 1970.
- 96 percent of the U.S. population has access to paper and paperboard community recycling programs.
- Paper bags are ideal containers to use for composting residential yard and food waste and are compostable themselves.