

FOREST PRODUCTS NEWS

Legislature nearly finished in Augusta

**By Patrick Strauch
Executive Director**



The Maine Forest Products Council kicked off the New Year by jumping head first into the second half of the 125th legislative session. The legislative session proved to be exciting and full of surprises as our legislators tackled some highly controversial bills and were able to reach compromise to achieve enactment of long awaited reforms.

Legislators concluded the majority of business at the state house ahead of statutory

adjournment by running late into the night on several occasions but could not quite wrap it up. They went into recess on April 14th and will reconvene on May 15th to address budgetary issues, any remaining bills, and items which have been placed on the Special Appropriation Table to await funding approval.

There was a great deal of legislation of interest to MFPC membership being considered this session including LURC reform, Tree Growth Tax Law, labor

issues, energy policy and transportation. We are happy to report that in most cases MFPC was able to successfully lobby for legislation favorable to the forest products industry. Summaries of a few of the more high profile issues addressed since January are described in this newsletter and a full legislative review will be available to MFPC members once the legislature finalizes its remaining business.

(Continued on page 2)

Farm Credit Honors Patrick

Each year Farm Credit of Maine honors an individual or institution that has made an impact in the world of Maine's natural resource economy. This year MFPC is proud to announce that Patrick Strauch was chosen to receive the Farm Credit Distinguished Service Award. Don White, President of Prentiss and Carlisle, presented Patrick with the award at the 2012 Annual Stockholders meeting on April 4th. Farm Credit Board Vice Chair Dan Corey stated "Pat is a



great spokesman and champion for the diverse forest products industry. He spends countless hours at the state house testifying about legislation and speaking to industry groups, lawmakers, and the public at large about the importance of the industry and its impact on the Maine economy".

Everyone at the Maine Forest Products Council is proud of Patrick and his dedicated service and he continues to promote the forest product industry. Congratulation Patrick!

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125th Legis. . . . (Cont from page 1)

Lawmakers Pass Budget and Move on to Bonds and DHHS Funding

Lawmakers were able to come to agreement and pass the supplemental budget on April 14th that will keep the state running until June 30th. Governor LePage signed the budget but used his line-item veto power for the first time to remove funding of general assistance for the 2013 fiscal year and funding for medical facilities meant to offset the loss of federal dollars.

The DHHS budget shortfall is scheduled to be addressed later this month and has been reduced to \$82.5 million, down from the previously projected \$89 million. Gov. LePage has indicated he will not support nearly \$100 million in proposed bonds until the shortfall is addressed and the state budget has been balanced. The bond proposal has received bipartisan support and will be placed on the ballot for voter approval in November if Gov. LePage and legislators can reach a compromise agreement. The breakdown for the proposed bonds are as follows:

- \$51 million for transportation
- \$20 million for research and development
- \$11.3 million for higher education
- \$8 million for drinking and wastewater infrastructure
- \$5 million for Land for Maine's Future.

In general the MFPC has supported the Governors position on bonds and members should feel free to give us your opinion,

Tree Growth Tax Law to be Modified and Studied

The Tree Growth Tax law has been receiving a lot of extra attention in the news around the state recently. MFPC was supportive of the two bills introduced during this session and fought hard to keep their original intent and reject amendments aimed at eliminating confidentiality from Forest Management Plans.

Much of the focus has revolved around concerns that coastal and island property owners are using the program as a tax shelter and not for the primary purpose of commercial timber harvesting. Senate President Kevin Raye introduced LD 1470 "An Act to Ensure Harvesting of Timber on Land Taxed under the Tree Growth Law" to specifically address this issue and determination if abuse

Maine Forest Products Council
535 Civic Center Drive
Augusta, Maine 04330
(207) 622-9288
FAX (207) 626-3002
www.maineforest.org

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Executive Director: Patrick Strauch
pstrauch@maineforest.org

SFI Director: Patrick Sirois
psirois@maineforest.org

Communications Coord.: Jonathan Metrick
jmetrick@maineforest.org

Office Manager / Administrative Assistant:
Sue McCarthy smccarthy@maineforest.org

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The Maine Forest Products Council is a proud supporter of:



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Tree Growth.....(Cont from page 3)

is taking place and how widespread it may be.

MFPC members have expressed concerns about this issue at several meetings over the past year and this bill goes a long way towards identifying if a problem exists while maintaining the confidentiality of forest management plans. The bill requires the Maine Forest Service to conduct a statewide study of land enrolled in Tree Growth. The MFS is then required to issue a report to the legislature detailing their overall findings and recommendations.

Rep. Gary Knight, chairman of the Taxation Committee, introduced LD 1138 "An Act to Prevent the Unnecessary Expulsion of Landowners from the Maine Tree Growth Tax Program" in an effort to instate a penalty for administrative errors by landowners as an alternative to expulsion from the program.

MMA also wanted to deal with some primary concerns and together with Tom Doak of SWOAM and Patrick negotiated additional changes in the law. Lot size rules for property in shoreland zones were standardized, transfers from Tree Growth into Open Space maintain a ten year Tree Growth penalty, and landowners are required to reaffirm that land enrolled in the program will be harvested for timber. By the end of the session MFPC was able to protect the integrity of the Tree Growth Program and assist in the passage of some common sense legislation.

We anticipate that this issue will continue to be of concern to returning legislators. Educate the candidates in your areas about the importance of the Tree Growth current use taxation.

Save the Dates!!!!

*Golf Tournament:
July 12, 2012 in Bangor*

*MFPC Annual Meeting:
September 16 & 17
At Samoset Resort in Rockport*

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Bonded Labor.....(Cont from page 3)

Bonded Labor Reemerges

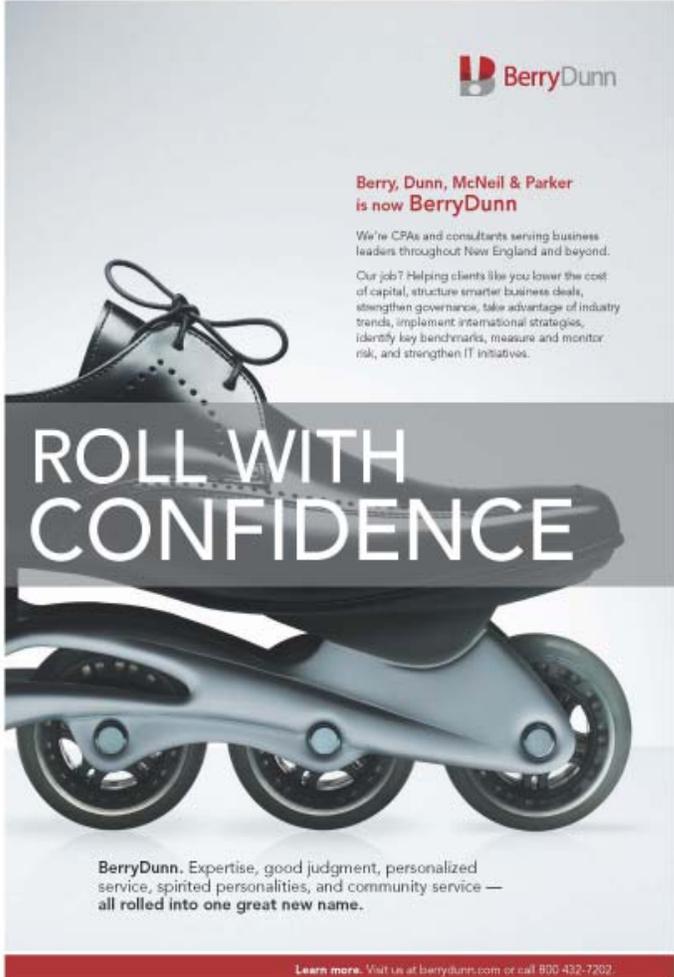
The Labor, Commerce, Research, and Economic Development Committee once again took up the issue of bonded labor this session. Senator Tom Saviello introduced LD 1383 during the first half of the session last year and the bill was carried over as he worked diligently to find compromise and produce a unanimous committee report. The result was a new bill “An Act To Promote a Qualified U.S. Logging Workforce and Ensure Adequate Wood Supply for Maine Mills Workers” with a greater focus on education and a loosening some of the over restrictive administrative requirements and penalties. The bill makes some modest changes to the rules for hiring bonded labor and passed both houses without debate. Briefly, the bill:

- Continues to require Proof of Equipment Ownership be provided to the MEDOL.
- Amends the penalties – If proof is not provided within 30 days, a fine of not less than \$5000 and not more than \$25,000 may be assessed
- Retains the existing restrictions on leasing.
- Increases to 30 days (up from 3) the time in which an employer must notify MEDOL when a bond worker begins work.
- Eliminates the existing Clearing House.
- Calls for collaboration between MEDOL and the industry to improve recruitment of US workers.
- Creates a Logging Industry Advisory Group to work with MEDOL to address recruitment, training and educational opportunities.

Mining Comes to Maine

As the legislative session neared its halfway mark a surprise piece of legislation was introduced by Rep. John Martin and Sen. Troy Jackson of Aroostook County. Although interests by J.D. Irving Woodlands to examine the opportunity to mine metals at Bald Mountain prompted introduction of the bill, MFPC represented the broad landowner community’s interest in mining opportunities throughout the State. With the price of precious metals reaching all-time highs, the possibility of economically viable mining in Maine could become a reality. The Bald Mountain site could potentially create some 300 direct well-paying jobs in northern Maine and bring additional business to Aroostook County.

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Mining.....(Cont from page 4)

The late-in-session introduction of the bill and unconventional public hearing/work session committee meetings chaired by Sen. Tom Saviello prompted sharp reactions from the environmental community. Two public hearings were scheduled and public comment was allowed before most of the nine work sessions. Sen. Savileo did a commendable job leading the committee through a step by step process that reviewed Maine’s existing mining laws, last amended in 1991, to find responsible reforms that could make mining viable.

While much of the discussion focused on creating an open pit mine at Bald Mountain in Aroostook County, the proposed reforms to Maine’s current mining laws would make it possible for landowners to explore mining opportunities throughout the state. MFPC focused its efforts on ensuring that a process was set in place to allow exploration and advanced exploration to occur.

This bill passed both houses with debate focused on concerns about water quality and other environmental protections. Governor LePage recently signed the bill and over the next two years rules will be drafted by the Dept. of Environmental Protection to regulate mining which then must be brought back before the Environment and Natural Resource Committee for final approval.

Consolidation of the Dept. of Agriculture and Dept. of Conservation

LD 1830 An Act to Create the Department of Agriculture, Conservation, and Forestry

The ACF committee wrangled through a work session on the proposed consolidation of the Dept. of Agriculture and Dept. of Conservation on Thursday,

March 15th. The majority report was voted out 8-4 on party lines and authorizes the two departments to begin working on the details to merge the departments. The merger was not proposed as a way to save money in the budget but rather to improve efficiency by consolidating resources and personnel. The commissioners will provide updates and receive guidance from the ACF committee throughout the summer and present a bill to be considered in the 126th legislature. MFPC will remain engaged in this process as the details of the merger shape up.

Takings Bill still on the Table

During the first half of the 125th session, Assistant Majority Leader Andre Cushing introduced a bill to allow landowners a path for legal recourse when state regulations restrict land use and diminish property values. The bill was highly controversial and the Judiciary committee opted to form a commission to review the issue and report back recommendations during the second half of the session.

When the Judiciary Committee took up the issue again this year in the form of LD 1810, it produced a divided report despite continual negotiations and knocking most of the teeth out of the legislation. The house passed LD 1810 by a vote of 74-72 but the senate failed to act, forcing the issue to remain until the legislature reconvenes on May 15th.

MFPC supports the minority report issued for LD 1810 as the most effective reform to allow for the possibility of landowner compensation when a regulatory taking occurs. In order to receive compensation a landowner must undergo a rigorous review process and prove a 50% loss in land value. The original bill has also been modified and caps the amount of damages a landowner can be awarded. Modifications to the bill have attracted bipartisan support and we continue to work with other stakeholders to lobby for passage of this common sense legislation.

(Continued on page 6)

Takings..... (Cont. from page 6)

It is important to note that the majority report offers no additional relief to landowners and simply draws out the current mediation process, maintaining the status quo.

Unemployment Insurance Reforms

Lawmakers took on the challenging task of reforming the state’s unemployment insurance laws with the goal of tightening eligibility requirements and increasing penalties for unemployment fraud. LD 1725 “An Act to Strengthen the Unemployment Insurance Laws and Reduce Unemployment Fraud” was introduced by LCRED chairmen Sen. Chris Rector and Rep. Kerri Prescott. According to Gov. LePage, overpayment of benefits and fraud are costing employers and the state several million dollars each year. The following is an edited summary of the bill with amended changes included.

This bill amends the employment security laws pertaining to specific benefit eligibility requirements, including work search, suitable work, misconduct, unemployment fraud disqualification and participation in the reemployment eligibility assessment services.

The bill provides that it is an individual’s responsibility to seek work and report work search efforts to the Maine Unemployment Insurance Commission and that failure to do so without good cause results in the loss of benefits; that participation in the reemployment eligibility assessment services is mandatory and failure to comply without good cause results in the loss of benefits; and that unemployment fraud for amounts exceeding \$1,000 are either Class C or Class B crimes depending on the benefit amount involved. This change is consistent with the current prosecution of these crimes as theft under the Maine Revised Statutes, Title 17-A.

The bill increases the earnings requirement for requalifying for benefits after disqualification for refusing suitable work from 8 times the individual’s weekly benefit

amount to 10 times; changes the requirement that the individual must broaden the individual’s work search after 10 weeks of unemployment rather than 12 weeks; increases the earnings requirement to requalify for benefits after a misconduct disqualification from 4 times the individual’s weekly benefit amount to 8 times; imposes an indefinite disqualification from receiving benefits upon a 3rd determination of unemployment fraud; and adds vacation pay to the types of remuneration for which unemployment benefits are offset.

This bill limits the offset for vacation pay to the amount that exceeds 4 weeks of wages for an individual and further excludes from the offset vacation pay that is paid to the individual prior to the individual’s being notified of severance by the employer.

The bill clarifies that criminal prosecutions may be

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Unemployment (Cont. from page 6)

brought against both individuals and employers who commit unemployment fraud. It adds child care emergencies and transportation emergencies to the list of good cause exceptions for registering for work, being able and available for work and participating in reemployment services. The bill also clarifies that the Commissioner of Labor may determine the amount of time a claimant is disqualified from receiving benefits after a 3rd occurrence of statement falsification or misrepresentation. It requires the Department of Labor to explore alternatives to in person participation in reemployment eligibility assessment sessions if travel is unduly burdensome.

Workers Compensation

Efforts to implement reforms to Maine’s workers compensation laws hit several roadblocks during the both sessions of the 125th legislature. Legislation was introduced by Assistant Majority Leader Rep. Andre Cushing during the 1st half of the 125th session. The Labor, Commerce, Research, and Economic Development Committee struggled to produce an agreeable bill and chose to form a stakeholder group to report back with recommendations. Paul Sighinolfi, Executive Director of Workers’ Compensation Board, convened a group comprised of labor and business leaders to discuss proposed changes to the law but failed to reach consensus proposal. The LCRED committee divided along party lines with the republican majority supporting the recommendations of Mr. Sighinolfi which eventually passed by a slim margin in the house. The bill could not, however, pass as written in the senate when republican support fell short. Leadership was eventually able to reach a compromise in the final hours of the legislative session on the issue of eligibility requirements. Lowering the eligibility threshold brought the needed republican support and kept the bill from dying in the senate. The governor signed the bill into law a few days

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later.

The final compromise bill does make some modest improvements, but as stated, also lowers the eligibility standards and increases the maximum compensation rate for injured workers.

Contact our office if you would like specific information about the bill

Independent Contractor

This bill standardizes the definition of “independent contractor” for employment security law and workers’ compensation law. It considers who directs

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Independant Contractors(Cont from page 7)

or controls the means and manner of providing the contracted services; who furnishes the tools and equipment necessary to provide the services; whether the business is considered inseparable from the individual for purposes of taxes, profits and liabilities; who exercises control over the management and operations of the business; and who exercises the right and opportunity to perform the services of the business for multiple entities.

The bill clearly states the penalties for the misclassification of a worker as an independent contractor. It also requires 2 interim reports and a final comprehensive report to the joint standing committee of the Legislature having jurisdiction over labor matters from the Workers' Compensation Board and the Department of Labor on the implementation of the new independent contractor definition.

The bill was further amended to specify that a construction subcontractor is considered an independent contractor only if that person meets the definition of independent contractor and that independent contractors who hire and pay employees are subject to the Maine Workers' Compensation Act of 1992.

LSRAB Landowner / Land User Awards and Banquet

The Department of Inland Fisheries and Wildlife along with the Landowner and Sportsmen Relations Advisory Board will be hosting their annual Landowner/ Land User Awards Banquet. Every year the groups get together to honor groups such as snowmobile clubs, fish and game clubs, and ATV clubs who have made extra efforts improve relations between the groups. They are currently seeking nominations for land user group of the year and a copy of the nomination form can be found on our website www.maineforest.org. Please take a few minutes to consider if you know of a group that deserves recognition for going above and beyond. Nominations must be submitted by June 2nd.

Land Use Regulation Commission Reformed

Last year Senate President Kevin Raye introduced legislation to abolish LURC and empower county governments to assume control of the unorganized territories. The Agriculture, Conservation, and Forestry Committee struggled to reach a consensus and ultimately formed a commission to travel the state to hear public testimony and research a reasonable solution. The LURC Reform Commission, as it became known, produced recommendations which were then drafted into LD 1798.

LD 1798 took a step back from the all-out dismantling of LURC in favor of a reform approach that would allow greater flexibility with zoning and permitting while enhancing local input and control. The proposal also included a "safety valve" option for counties to opt out if they could prove before the legislature that LURC remained unresponsive to local needs. Ultimately this provision was dropped in order to gain wider committee support.

After considerable debate the ACF committee reached a compromise that received a unanimous committee report. Both the house and senate then passed the bill without debate. The bill remains on the special appropriations table and is texpected to be removed and finally passed in the senate.

The compromise bill included:

- Revisions to the purpose and scope
- Increasing focus on prospective zoning and permitting
- Transfer of site location law and wind development to the DEP
- Transfer of forestry regulation to the Maine Forest Service
- Increase LURC commission to nine members, eight will be nominated from the largest counties containing UT and approved by the legislature
- Relocating staff and holding meetings and hearings closer the UT jurisdiction
- The LURC reforms that passed this session were the culmination of years of work and dedication by many members of the MFPC as well as many other advocates for increased local control in the UT.

MFPC Encourages Member Support for Envirothon program

Envirothon is a national environmental program and competition that gives students in grades 9 - 12 the opportunity to test their knowledge of natural resources and current environmental issues. In Maine, Envirothon is organized and managed by the state's Soil and Water Conservation Districts. This program raises awareness of local and national environmental issues by teaching critical thinking and decision making skills, as well as providing field-based and practical environmental experiences like soil analysis skills, developing management plans, forestry skills and wildlife skills to name just a few.

This spring, teams of 3-5 students will compete at a regional level by answering questions and solving hands-on problems at five stations: Wildlife, Water/Aquatics, Forestry, Soils, and Current Natural Resource Issue. This year's Current Issue deals with "Low Impact Development and Surface Water Runoff" issues. The top four teams from each regional Envirothon go on to compete at the state finals, taking place May 31, 2012 at the University of Maine, in Orono.

Envirothon has grown considerably in the past few years, nearly doubling the number of teams that participate. Program costs are partially funded through grants and corporate sponsors, and teams pay a fee to compete in Envirothon. The program is seeking business and individuals to partner with Envirothon and participating students. The program provides students the opportunity to connect with talented resource professionals in our state through workshops and training sessions. These connections have spurred many students to pursue post-secondary school in the environmental field.

MFPC would like to encourage members to participate and sponsor this important program. Funding levels can be found on the website, www.maineenvirothon.org under the "Donate to Support Maine Envirothon".

For a list of available teams to adopt, or for more information about starting an Envirothon team in Maine, please contact tish carr at 207.485.0219 or tish.carr@maineswcde.org. Visit the website - <http://maineenvirothon.org> - and envirothon on Facebook!

2012 MFPC Membership Directory

The membership directory will be completed in the next few weeks. The primary contact from each company will receive a complimentary copy of the directory. Additional copies will be presold for \$10 each to cover cost of printing and shipping. Please email Sue McCarthy atmccarthy@maineforest.org if you would like extra copies.

Thanks to the following members who placed an AD in the publication

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2012 MFPC Golf Tournament

Invitations will be sent out in the next couple of weeks. The tournament will be held again at the Bangor Municipal Golf Course in Bangor, Maine on July 12 at 1 o'clock. Sponsorships opportunities are listed below. Email Brian Flewelling at Brian_V_flewelling@keybank.com or Sue McCarthy at smccarthy@maineforest.org if you would like to be a sponsor.

Sponsorship Opportunities

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Banner Sponsorship (Banner hung on outside marquee) **\$300**

Equipment Advertisers (Bring in own equipment to display on course.) **\$500**

Cart Sponsors (Advertise Company on carts, can be split @ \$500 each) **\$1,000**

Reception Sponsors (Sponsor the 19 Hole Reception after tournament.) **\$500**

Prize Sponsors (Sponsor the cash prizesaid out to 1st Gross and 1st Net winners) **\$800**

Prize Sponsors (Sponsor the cash Prizes to 2nd Gross and 2nd Net winners) **\$400**

This is always a very popular event. Traditionally this event sells out so organize your teams and sign up soon.