

F Recommended **Forest** **Policy**

GUIDELINES

**For Policy Makers
&
Industry Professionals**



Maine Forest Products Council

June 2022



About MFPC

The Maine Forest Products Council was founded in 1961 to serve the diverse needs of Maine's forest products community. With more than 300 members, MFPC represents the forest landowners and managers of nearly 10 million acres, as well as loggers, truckers and primary wood processors such as lumber mills and pulp and paper mills. MFPC also represents secondary wood processors such as furniture manufacturers, biomass generators and members of related service industries.

Key government relations personnel:



Patrick Strauch
Executive Director
(207) 622-9288
pstrauch@maineforest.org



Krysta West
Deputy Director
(207) 622-9288
kwest@maineforest.org

Michele MacLean
Lobbyist
(207) 622-9288
mmaclean@maineforest.org

Dear Reader,

The forest products industry has been an integral part of Maine's economy, culture and heritage for hundreds of years. While supporting an **\$8.1 billion industry**, our working forests also provide unparalleled recreational opportunities, critical wildlife habitat, climate benefits, and clean water and air that make Maine a place like no other.

Each year, the forest products industry sustains **33,500 jobs, paying \$1.8 billion in payroll and \$278.4 million in state and local taxes**. According to University of Maine research, **one out of every 24 jobs in Maine is associated with the forest products industry**, making it critical to our economy. These benefits are all possible thanks to diverse wood markets that support healthy forests and rural economies.

This publication is organized loosely by committee in order to inform policy decisions in Augusta, and should serve as a guidebook for the 131st Maine Legislature.

The Maine Forest Products Council represents more than 300 member companies and over 8.5 million acres of privately owned commercial timberland. We are eager to connect you with forestry experts in your region and encourage you to contact us frequently to discuss your ideas on how to realize the enormous potential in Maine's forest products industry. Enjoy the read,



Patrick Strauch
Executive Director
Maine Forest Products Council



Agriculture, Conservation and Forestry

Forestry is an integral part of Maine's heritage, culture and economy with rural communities depending on the working forest to support industry, good-paying jobs, critical wildlife habitat and unparalleled recreational opportunities. In total, this \$8.1 billion industry creates 1 of every 24 jobs in Maine, delivering \$278.4 million annually in state and local taxes.

Maine is the most densely forested state in the nation, with private landowners leading the way to protect this precious resource for future generations through participation in voluntary forest practice sustainability certifications. **Forest certification evaluates if forest management is environmentally sound, economically viable and socially responsible.**

With **8.3 million acres** of forestland certified under one of the three nationally-recognized programs, **Maine ranks 2nd** in the nation for most certified acres by state.

Maine's private forest managers remain committed to sustainable and environmentally-sound forestry practices, but ongoing research in partnership with the Maine Forest Service and the University of Maine is critical to combat the threat of nuisance species, such as the **Spruce Budworm**, which is again present in some areas of the state. According to the University of Maine's Coming Spruce Budworm Outbreak report, Spruce Budworm is expected to have an impact on forestry operations in Maine soon.

The industry also needs to maintain the option to manage the growth and protection of trees with **pesticides (herbicides and insecticides)**. Used sparingly, these chemicals are prescribed for a maximum of 1-2 treatments over the course of a 70-year life cycle of a forest stand, but serve as an important tool for controlling weeds and invasive pests. Special interest groups have targeted forest use of pesticides as part of a larger strategy to eliminate their use, MFPC foresters are highly trained in making silvicultural prescriptions and can not lose the wise use of these tools.

Created in 2000, the **Forest Practices Act** was established to standardize harvesting practices throughout Maine. Within the act, the **Outcome-based Forestry** provision was included as an option for landowners to manage harvest patterns in a more scientific way. Forestry operations have **statewide standards for operation** that provide the exemplary water quality and healthy fisheries that we all enjoy today. These standards have been established through ongoing science-based research and active workforce Best Management Practice (BMP) training programs.



Environment and Natural Resources

With the world's focus now turning to the pressing issue of climate change, **wood-based products are poised to be in high demand.** Wood products, which sequester carbon, are an emerging alternative to high carbon materials like concrete and steel, and Maine businesses and research institutions (UMaine) are rising to meet the challenges of the day.

GoLabs in Madison specializes in wood-based insulation, and markets are also emerging for wood-based liquid fuel and nanocellulose, a plant-based alternative to plastic. Paper products are also easily recycled, with **94% of cardboard and 68% of paper products overall being recycled nationally.** Wood-based products also lend themselves well to composting, and can contribute to more healthy, fertile soils for agriculture, as opposed to high carbon alternatives with limited use that ultimately end up in landfills.

More than **90 percent of the state's forestland is privately-owned,** and in order to keep this working forest viable, **the forest products industry must have consistent, predictable regulations.** This means fish passage objectives and river quality ratings need to be balanced by the water needs of manufacturing facilities. We celebrate the challenge created by the Clean Water Act with dramatic improvements in water quality, but future gains will require a collaborative approach between industry and government. **Premature and patchwork upgrades threaten mill operations,** which provide necessary markets for timber, thousands of good-paying jobs and billions annually to the economy.

Carbon offset markets present an emerging opportunity for landowners that will require balancing the need for absorbing carbon emissions with the need of mills and manufacturers for a sustainable wood supply.

"In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber, or energy from the forest, will generate the largest sustained mitigation benefit."

-United Nations Intergovernmental Panel on Climate Change

The Council emphasizes the acceptance of the biogenic carbon cycle, as seen in the December 2020 Maine Won't Wait report of the Maine Climate Council. The United Nations International Panel on Climate Change (IPCC) recognises the use of biomass as both a thermal and electrical energy source when material is obtained from sustainably managed sources. Maine's forest biomass is both derived from mill residuals (sawdust, bark, slab wood) and tree components from harvests that have no other market value.

The forest products industry's environmental record is strong and the industry has made major improvements in Maine over the past few decades. The Council and our members remain committed to working with regulators to ensure our air and waterways are clean for generations to come.



Energy, Utilities & Technology

Last session, the Maine Legislature recognized the importance of wood residuals for Maine's energy independence and environment by supporting LD 1202, "An Act To Establish a Wood-fired Combined Heating and Power Program."

This bill, which passed the Legislature unanimously and was signed into law by the Governor, was drafted by the Council to support a diversified forest products industry and the State's climate goals by establishing a program to support facilities that use wood fuel to generate heat and electricity for industrial or space heating purposes.

Utilizing residual wood from wood manufacturing facilities or biomass harvest operations provides important base-load power that is available 24/7. This power, in addition to hydro, can supplement intermittent sources like solar and wind, can be brought online and dispatched efficiently, creates efficiencies, is cost-competitive and comes from a renewable, carbon-neutral source.

Biomass is key to Maine's energy future, and must remain an important segment of the state's renewable energy portfolio.

In addition to biomass, **energy prices as a whole are an important factor in keeping Maine's wood manufacturing businesses competitive in the global market.** The cost of electricity in Maine is high when compared both regionally and nationally, so Maine Forest Products Council encourages lawmakers to support measures that lower costs while making necessary investments in grid improvements.



Inland Fisheries & Wildlife

Maine has a lot of great traditions, but there's a very special one that binds us all together into one big community. Thanks to strong landowner liability protection laws, **Maine landowners have traditionally allowed the public to use their properties for recreational activities, while in other states, access to private land is often severely restricted.**

This tradition is especially important because **of Maine's 17.6 million forested acres, 15.9 million acres are private commercial forestland.** So, if you love the outdoors, you have likely hiked, biked, fished, hunted, ridden a snowmobile or ATV, used a logging road or enjoyed the beautiful scenery on privately-owned forestland.

Landowners that manage our forests are not only great neighbors, they are also great stewards of our forests, with nearly twice the standing timber volume today as in 1953. In addition to economic values, **our working forests provide clean air, clean water, carbon sequestration and extensive fish and wildlife habitat that provides for a high quality of life and world renowned wildlife recreation opportunities.**

Maine's working forest sustains cold-water fisheries and provides critical habitat to support the largest population of native Eastern brook trout in the northeast. It also supports habitat for some of our most iconic species including moose, black bear, Canada lynx, bald eagles, spruce grouse and ruffed grouse.

Collaborative conservation measures have helped us bring American Eagles off the Endangered Species list, and we think the same can be done for Canada Lynx. The Council is working with the USFWS on habitat management strategies for the recent endangered species listings of Northern Long Eared Bats and Blanding's Turtles.

That's why **one of the Council's fundamental concerns is that the rights of private landowners who provide so much to our state should not be limited in order to fulfill the desires or meet the demands of recreational visitors** seeking a "wilderness experience." It is wrong to impose a visual and land use regime on the working forest landscape, because that would limit landowners' opportunities and willingness to allow public access.

With 90 percent of Maine's forestland in private hands, it is critical for lawmakers and landowners to work together to identify and allow for compatible uses for private forestlands in Maine so the tradition of public access to private lands can be sustained for Maine residents and visitors alike for generations to come.



Judiciary

During the 130th Legislature, the Judiciary Committee made great strides in working with the Administration and Tribes to act on recommendations by the Task Force on Changes to the Maine Indian Claims Settlement Implementing Act. Together, the Wabanaki Nations and the State of Maine collaborated on a number of significant changes, including LD 585, a law making Maine one of the only states to codify a formal State-Tribal collaboration process. The new law also delivers significant tax benefits to Tribal members and businesses and gives Maine Tribes the opportunity to benefit from a potentially significant new revenue stream.

Maine Forest Products Council is committed to working with the Tribes and the State to continue to identify opportunities to strengthen Tribal/State relations, however, the Council remains concerned with proposals that would result in a patchwork of environmental laws, regulations and jurisdictions within the state. Businesses operating under Maine law must maintain confidence in the State's jurisdiction over wildlife, environmental and land-use regulations, especially for resources that could potentially travel through one jurisdiction into another.



Transportation

A strong forest products industry requires adequate infrastructure to move raw materials to facilities and finished products to markets. **Maine Forest Products Council encourages lawmakers to use state funds to leverage matching federal funds whenever possible to improve Maine's roads, bridges, railways and seaports.** Investments in Maine's critical infrastructure benefits businesses, residents and visitors, and is necessary to support Maine's economy.

The Council commends the 130th Legislature for funding DOT's budget fully without relying on bonding.



Taxation

For 50 years, the Maine Tree Growth Tax Law has provided stability and supply to the forest products industry by providing tax incentives to landowners who manage their land for sustainable timber harvesting, allowing them to grow trees instead of houses and shopping malls.

Under the program, land values are assessed by a state formula that accounts for stumpage prices, average annual growth, deduction for wood that cannot be harvested and capitalization rate. Municipalities are reimbursed 90 percent of the difference in valuation, and when land is removed from the program, significant penalties are collected by municipalities. In order to qualify for the program, landowners must have a forest management and harvest plan prepared or certified by a licensed forester every 10 years. The Maine Forest Service can provide towns with compliance reviews, and municipal officials determine and enforce compliance.

In addition to providing a stable wood supply, this program has also improved wildlife habitat, provided watershed protection and prevented urban sprawl and fragmentation of Maine's undeveloped forest. The Tree Growth Tax Law has enabled landowners to own large tracts of forestland for periods of time long enough to grow trees to a marketable size over long rotations. Without the program, there would be less saw timber available for our mills, less taxable income generated for the state, more subdivisions in suburban towns and higher rates of turnover in the north Maine woods.

The Council encourages lawmakers to resist attempts to tie this successful program with other goals or objectives.

For more information about the program, visit [Tree Growth Tax Law Information on the Maine Forest Service website](#).

Maine Forest Products Council also encourages lawmakers to be mindful of the impacts the inheritance tax has on multi-generational family businesses in Maine. While estate planning can help offset these taxes, many rural business owners who inherit land find themselves land rich and cash poor, forcing many parcels of land to be developed and sold.



Workforce Development

Through direct and indirect jobs, the forest products industry supports 33,500 jobs in the state of Maine, but the availability of labor remains a challenge for all sectors of the industry.

According to *The Forest Opportunity Roadmap for Maine Workforce Development Strategy*, a report prepared by the Center for Business and Economic Research at the University of Southern Maine, **the forestry industry sectors of harvesting, pulp and paper manufacturing, wood product manufacturing and transportation currently face a shortage of 767 workers, and by 2030 that gap could increase to 5,274 workers.**

Maine needs to attract young people into the forest products industry, and to ensure that workers have the skills needed for employment in the industry through continued **support of career and technical education programs, the community college system and the University of Maine system.** A trained workforce requires educational programs in rural areas and retraining of adult workers. The affordability and availability of housing in rural communities also needs to be addressed, along with other quality of life improvements for rural areas.

In order to supplement labor shortages, the federal government allows for a limited number of work visas to be issued each year. These visas help some Maine-based companies, primarily along the Canadian border, address chronic labor shortages. **These permits, which are not permitted to be used to displace Maine workers, enable Maine businesses to keep pace with demand.** While visas can help address the labor shortage, they are only a Band-Aid.

Opportunities for rewarding careers within the forest products industry are abundant.

Industry leaders need to connect with high school students, guidance counselors and career centers across the state to inform the next generation about current and future opportunities within the forest products industry.



535 Civic Center Dr.

Augusta, ME 04355

(207) 622-9288

www.maineforest.org