

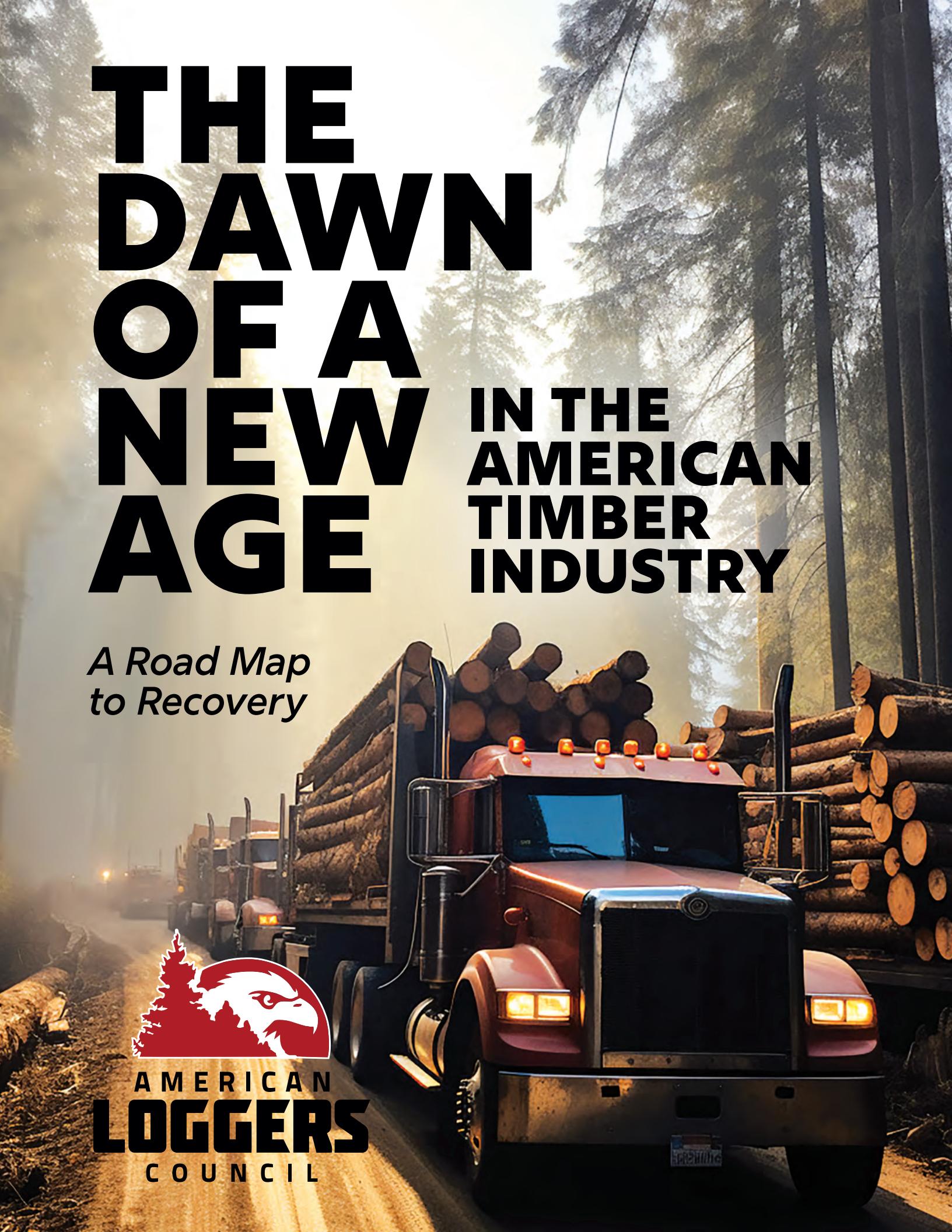
THE DAWN OF A NEW AGE

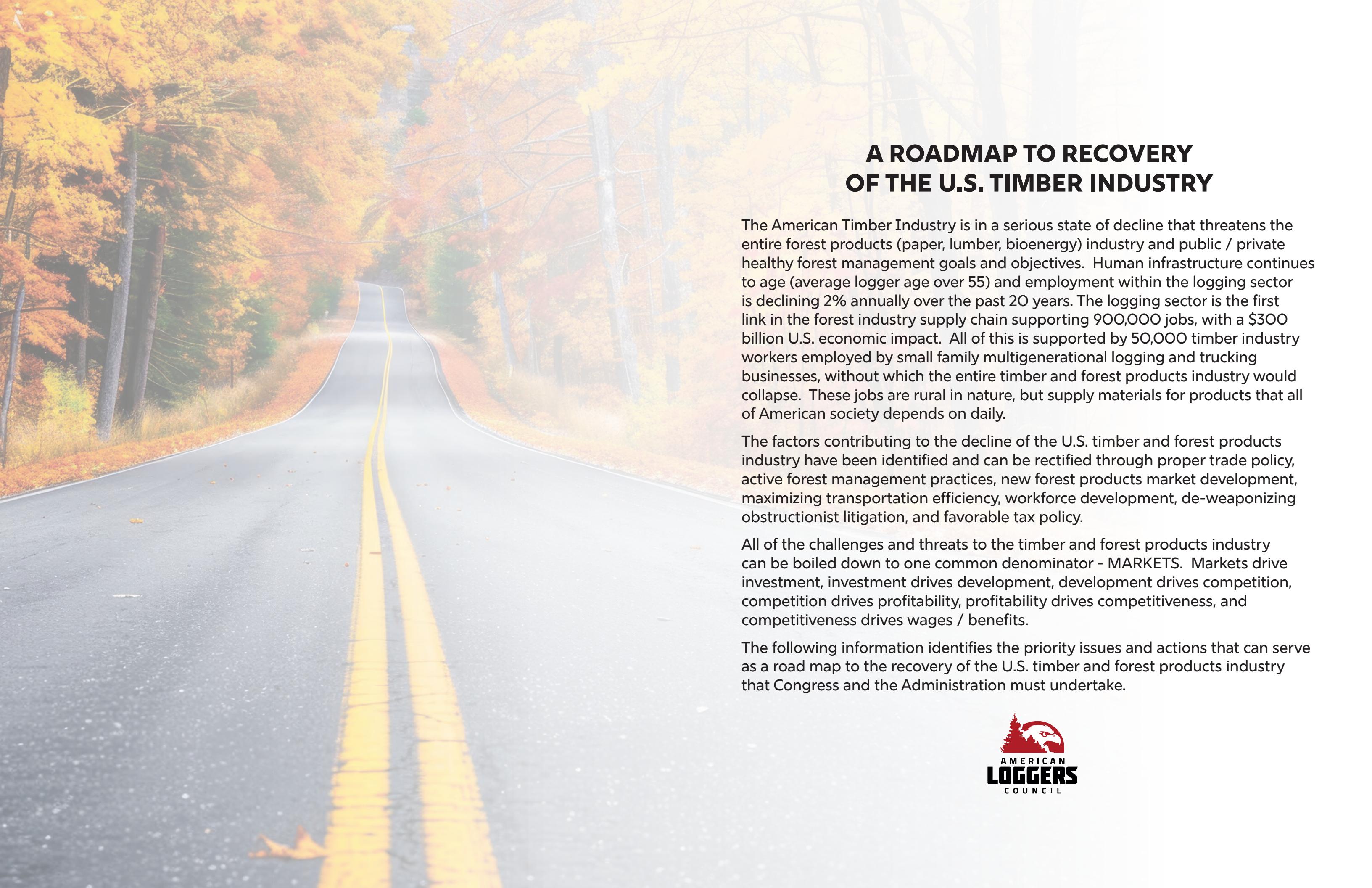
IN THE AMERICAN TIMBER INDUSTRY

*A Road Map
to Recovery*



AMERICAN
LOGGERS
COUNCIL





A ROADMAP TO RECOVERY OF THE U.S. TIMBER INDUSTRY

The American Timber Industry is in a serious state of decline that threatens the entire forest products (paper, lumber, bioenergy) industry and public / private healthy forest management goals and objectives. Human infrastructure continues to age (average logger age over 55) and employment within the logging sector is declining 2% annually over the past 20 years. The logging sector is the first link in the forest industry supply chain supporting 900,000 jobs, with a \$300 billion U.S. economic impact. All of this is supported by 50,000 timber industry workers employed by small family multigenerational logging and trucking businesses, without which the entire timber and forest products industry would collapse. These jobs are rural in nature, but supply materials for products that all of American society depends on daily.

The factors contributing to the decline of the U.S. timber and forest products industry have been identified and can be rectified through proper trade policy, active forest management practices, new forest products market development, maximizing transportation efficiency, workforce development, de-weaponizing obstructionist litigation, and favorable tax policy.

All of the challenges and threats to the timber and forest products industry can be boiled down to one common denominator - MARKETS. Markets drive investment, investment drives development, development drives competition, competition drives profitability, profitability drives competitiveness, and competitiveness drives wages / benefits.

The following information identifies the priority issues and actions that can serve as a road map to the recovery of the U.S. timber and forest products industry that Congress and the Administration must undertake.



NATIONAL FOREST MANAGEMENT

ISSUE:

National Forest Management

There is an obvious correlation between areas where declining national forest management dominates the landscape -- and the occurrence of unhealthy, overgrown and dense forests plagued by disease, infestation and wildfire.

This national forest decline creates a self-fulfilling downward spiral of reduced timber management and harvest volume leading to a loss of forest products mills / markets, which is then used to justify continued reduction in timber sales volume that is inadequate to support the supply needs of existing markets thereby causing the failure of remaining markets and perpetuating the circular downward spiral of forest health and industry. The end result of this harmful national forest situation is forest deterioration by fire, disease and infestation. This deterioration fails to comply with the National Forest Management Act of 1976, which requires the U.S. Forest Service "to maintain effective land management".

National Forest Plans identify the Allowable Sale Quantity that can be harvested during a 10-year period, while maintaining sustainability based on areas suitable for timber production. The U.S. Forest Service and the Bureau of Land Management have failed to achieve this volume during the past three decades.

The U.S. Forest Service currently harvests approximately 3 billion board feet of lumber, compared to 13 billion board feet 40 years ago. Today, the U.S. Forest Service spends more of their budget on wildfire response than forest management. Ironically, of the nearly 30,000 U.S. Forest Service employees, just 3% are foresters.

In Minnesota, where the National Forests represent 11% of the forested land, it only contributes 4% of harvested timber. This trend is significantly multiplied in regions (western states) where the majority of public lands is managed by national agencies. These areas also experience higher mortality, wildfire, overstocking, and lost infrastructure. In contrast, regions that are majority privately managed land, forest health and markets are more productive, healthy and stable.

The U.S. has an abundant renewable resource that can be sustainably managed to provide raw material for lumber and other forest products production ***if active forest management is returned to the public landscape.***

A commitment to increased forest management timber harvest volume will enable the remaining forest products industry infrastructure to maintain sustainability while conveying a commitment that will secure additional investment and growth. Thus, reversing the decline in National Forest management and timber industry infrastructure, as well as wildfire severity.

The National Forests will be critical to support the development and expansion of domestic softwood lumber markets and the reduction in softwood lumber imports as noted in the first issue.

Many rural counties and schools historically benefited from far greater national forest timber sales revenue, due to their proximity to national forests and the statutory timber harvest revenue sharing with counties and schools from those national forests. In response to a reduction in timber management and sales— critical county and school revenues paid by national forests have declined. To offset the losses and stabilize the revenue stream, Secure Rural Schools Funding (SRS) was established by Congress in 2000, which provides revenue to counties and schools. The Secure Rural Schools Funding represents a small fraction of county and school revenue received 40 years ago (In 2024, \$250 million annually for 775 rural counties and 4,400 rural schools across the country). However, the Secure Rural Schools Funding expired at the end of 2024.

Many policies, actions and Executive Orders are politically-driven to support environmental agendas, but have the unintended consequence of further obstructing active forest management. However, recent legislation has been introduced that would address and correct existing ill-conceived policies, actions and Executive Orders that are being abused in the furtherance of obstructing healthy forest management.

ACTION:

Manage National Forests

- The Fix Our Forests Act (FOFA) is comprehensive legislation that would address many of the known shortcomings and challenges that are inhibiting proper forest management. This FOFA bill should be priority legislation passed to immediately realign the healthy forest management objectives for the National Forests.
- Secure Rural Schools Act (SRS) reauthorization would be most effective when paired with the Fix Our Forests Act (FOFA). Passing these two bills together would accomplish the dual benefits of improving national forest management AND maintaining vital national forest management revenue source for rural counties, schools, forest management infrastructure, and vibrant rural forest communities.
- The U.S. Forest Service must increase active forest management and timber harvest as per their current volume "target". This national forest target is typically 1/2 to 1/3 of the legally-authorized Allowable Sale Quantity; and even at that reduced volume is rarely achieved. In Alaska, the second largest National Forest, the Chugach has zero timber harvest planned.
- Litigation Reform is addressed in the Fix Our Forest Act. Additionally, require litigating parties challenging USFS forest management plans and activities to have "standing" and to post bonds sufficient to cover the costs of defense, loss of property/lives due to delay, and timber contract holder lost revenue should the challenge be denied.
- Direct the USFS to cease efforts based on EO 14072 to inventory "mature and old growth timber".
- Reform the National Environmental Policy Act (NEPA). Multiple bills have been introduced in the House of Representatives to amend NEPA, which would address flaws in the statute that have resulted in unreasonable timelines and litigation.
- Pass a Congressional Review Act rescinding the uplisting of the Northern Long Eared Bat from Threatened to Be Endangered. This was passed in the House and Senate with bipartisan support in 2023 but vetoed by President Biden.

TRADE POLICY

ISSUE:

Trade Policy

The U.S. is the leading global importer of softwood lumber. The primary source is Canada, followed by Brazil and China as well as Europe. The U.S. continues to import wood products (plywood) from Russia. In fact, manufactured wood products constituted over 50% of the trade between the U.S. and Russia in 2024, increasing 53% in the latter half of 2024. All while record numbers (100+) of forest products mills close in the U.S., millions of acres of U.S. forests burn annually, and over 10,000 jobs have been lost in the timber and forest products industries in the past 24 months.

Clearly the U.S. demand and market exists for softwood lumber. The U.S. should not be supporting the timber industry of other countries at the demise of the U.S. forests and industry.

Additionally, in some cases, raw timber is shipped from the U.S. (due to a lack of domestic mills that have gone offshore) to countries that process it into finished products and then ship it back to the U.S. markets.

The U.S. practices third party certification silvicultural based forest management which ensures sustainable management of U.S. forests. Today's U.S. timberlands exceed the acres of timberlands from 100 years ago. U.S. forest management practices do not result in deforestation. The only deforestation that occurs in the U.S. is due to urban development and massive solar farms. Imposing additional redundant administrative management requirements, as per the European Union Deforestation Regulations, only adds more time and expense to the operations and reduces efficiency and competitiveness.

ACTION:

Fair Trade

- Enact trade policy, including tariffs, to level the playing field and allow for U.S. forest management, U.S. raw material harvesting, U.S. forest products production, and create U.S. jobs.
- Enact and enforce a full ban on Russian origin lumber.
- Inform the European Union that the United States has strict sustainable forestry practices and standards recognized and, in some cases, originating in Europe that ensure no deforestation practices are conducted. In fact, the forested area of the United States has increased over what it was 100 years ago. Therefore, the U.S. will not be implementing the unnecessary requirement of the ill-conceived European Union Deforestation Regulations (EUDR). The EUDR is an environmental driven initiative to further obstruct the timber industry, add uncompensated costs, and generally a solution looking for a problem where, regarding the U.S., one does not exist.

SAFER TRANSPORTATION

ISSUE:

Interstate Truck Weight Restrictions

The U.S. transportation policy and inconsistencies creates a competitive burden for agricultural products, including raw timber. Weight limits on the federal interstate systems vary drastically for timber products, although it is the same interstate system. Foreign transportation policy allows for heavier transportation weights than parts of the United States.

LOG TRUCK WEIGHT LIMITS EXAMPLES

Canada (national roadways)

140,000 (up to) pounds based on configuration

Michigan (164,000)

164,000 pounds w/11 axles

New England (2010 pilot, 2017 permanent)

100,000/99,000 pounds w/6 axles (Maine/Vermont)

Minnesota (2015. Limited to 23 miles)

99,000 Winter w/ 6 axles

Mississippi (2024)

88,000 pounds w/5 axles

Wisconsin (2015. Limited to designated routes)

100,000 winter w/ 6 axles

North Carolina (new interstates grandfathered in at state weights)

88,000 pounds w/5 axles

Aside from these variances, states are restricted to 80,000 pounds on their respective interstates.

The Minnesota Department of Transportation, the University of Georgia, State of Mississippi, State of Maine, and other sources have conducted studies and analysis of the road impacts, safety, braking capacity, fuel consumption (mpg), CO2 emissions, miles traveled, and truck trips of various configurations of logging trucks using the federal interstate system. All have concluded that there are benefits in every category, particularly safety.

A recent study found that nearly 78% of all log truck fatal crashes occurred in the Southeast region of the U.S. In these states, oncoming cars infringing on the logging trucks' lanes were the leading cause of logging truck accidents.

Routing these trucks off rural roadways, school zones, residential neighborhoods, pedestrian areas, and narrower two-lane opposing traffic routes will reduce accidents and improve safety.

The State of Maine documented a reduction in logging truck accidents after they were authorized to access the federal interstate system.

Logging truck interstate access is already authorized in many states. The federal precedent has been established in Minnesota, Wisconsin, Mississippi, Maine, Vermont, North Carolina, and Michigan. Identical language and legislation should extend federal interstate access to allow log trucks already operating on local, county and state roads in each state as per their own criteria to utilize the federal interstate road system. The *Safe Routes Act* has been introduced in Congress with Bipartisan support annually.

Additionally, the commercial trucking sector is experiencing severe a driver shortage with a projected 60,000 commercial truck drivers needed. This is even more pronounced within the log truck driving category due to the unique aspects of hauling logs. Improving transportation efficiency will enable the log trucking sector of the timber industry to do more with less.

ACTION:

Improving Transportation Safety and Efficiency

Congress must immediately pass the “*Safe Routes Act*” to universally provide the authorization of each respective state to pass legislation at the state level extending access to the federal interstate systems as per their current weight limits and criteria.

- The Administration should issue an Executive Order authorizing states to authorize commercial trucks currently operating within their intrastate road system (nonfederal), and at weights / configurations to extend operation of these commercial vehicles to the federal interstate system.
- Incentivize commercial truck driver entry through refundable tax credits of up to \$7,500 for Class A Commercial Drivers License (CDL) operators as per the bipartisan 2022 “*Strengthening Supply Chains Through Truck Driver Incentives Act*.”

RENEWABLE FUEL STANDARD

ISSUE:

Renewable Fuel Standard (RFS)

The Renewable Fuel Standard was established by the Energy Policy Act of 2005 and expanded by the Energy Independence and Security Act of 2007 for the purpose of; reducing the country's reliance on foreign oil; grow the renewable energy industry; and reduce greenhouse gas emissions. The program is implemented by the EPA in “consultation” with USDA and DOE.

There are four renewable fuel categories:

- Biomass based diesel
- Cellulosic biofuels
- Advanced biofuel
- Total renewable fuel

Within these categories there are five subcategories or silos describing the various Renewable Index Numbers (RIN's) per specific type of renewable fuel. The D3 and D7 RIN's are cellulosic based produced from cellulose, hemicellulose, or lignin. This would include forest-based feedstock.

D3 and D7 cellulosic renewable fuels have never been commercially produced and is confirmed by the EPA who have developed Cellulosic Waiver Credits due to “recognizing the short-term difficulty in attaining required volumes of cellulosic standards.”

However, there are billions of dollars in investment prepared to produce D3 and D7 cellulosic renewable fuels, including sustainable aviation fuel (SAF) upon approval of project pathway applications. The only obstacles are EPA's timely Pathway application response and approval and overly restrictive “interpretation” of eligible forest-based feedstock (contrary to USDA USFS consultation). There are millions of tons of unmerchantable timber, biomass and hazardous fuels available as feedstock for the production of D3 and D7 cellulosic renewable fuels.

The USFS Wildfire Crisis Strategy recognizes the need to treat 50 million acres, including hazardous fuels that are feeding the wildfires. The challenge is what to do with this otherwise unmerchantable biomass. The answer is to use it as feedstock for renewable fuels production.

The EPA's position on Pathway Application processing is to address each application on a case-by-case basis. This creates uncertainty and delays the collective processing of similar projects. Approval of the known projects to produce cellulosic renewable fuels will compliment the U.S. energy independence agenda and produce new and much needed forest product markets.

Nearly 15 years ago the EPA recognized that electricity derived from renewable biomass qualified as a renewable transportation fuel as part of the 2010 RFS2 Rule, but the EPA has failed to comply with the language in their own rule and activate the electric pathway. With the emergence of electric vehicles, which represent 9% of vehicle market share, the EPA's delay jeopardizes legally obligated revenue streams and fiscal viability of these biomass electric generation facilities.

The EPA has failed to implement the full scope of the RFS as per the Congressional Intent.

The EPA Office of Transportation and Air Quality (OTAQ), Office of Air and Radiation (OAR) does not have the background, understanding, or expertise of forest-based cellulosic feedstock and forest management practices to effectively administer or process the Pathway Applications for D3 and D7 RIN's projects. EPA has not collectively deferred to USDA / USFS expertise, advice, and direction regarding forest management practices and timber source marketing / value.

ACTION:

RFS Administration

- The RFS program must be moved from OTAQ, OAR to the USDA / USFS or other administration authority that is knowledgeable in forest-based feedstock (biomass, hazardous fuels, unmerchantable timber, cull wood, etc) or headed by a political appointee with a Memorandum of Understanding with the USDA / USFS.

- All Pathway Applications must be reviewed, processed and approved / disapproved within ninety days of submission.
- Recognize forest-based biomass as a renewable carbon neutral feedstock for electrical power generation and renewable fuel production, as practiced by the rest of the developed global countries.
- Include e-RIN's (renewable electricity generated from forest-based renewable feedstock) as eligible for RIN credits. This renewable energy displaces petroleum-based fuel and can be traced to electric vehicle charging. Therefore, it accomplishes the goals of the "reducing the country's reliance on foreign oil; grows the renewable energy industry (particularly hazardous fuels identified in the Wildfire Crisis Strategy); and reduces greenhouse gas emissions." These facilities can address the projected demand for additional baseload electricity to feed the grid more readily, cost-effectively, and quickly than larger traditional power plants while replacing the many coal power plants that are shutdown or scheduled for shutdown.
- Amend EPA's biomass definition in the proposed Renewable Volume Obligations (RVO) rule pending issuance in March 2025 to expand "biomass obtained from certain areas at risk of wildfire **from 200 feet to 1.5 miles** of buildings or other areas regularly occupied by people, or of public infrastructure."

WORKFORCE DEVELOPMENT

ISSUE:

Workforce Development

The demographics of the timber industry workforce are well documented to be aging, with over half 55+ years old (2017) and a declining total workforce of 2% annually as referenced. Surveys of existing logging businesses also revealed the majority were owned by individuals 55 years or older. Many of their succession plans do not include passing on the family business but instead closing the business. This aging workforce and ownership is going to compound the workforce shortage in the next 5 – 10 years.

- Wage and Benefit Competitiveness
- Seasonality
- Profitability
- Public Perception / Image

There has been trade school programs developed around the country; however, they typically train small numbers (10 – 12 students) per session.

Starting or maintaining a logging business is capital intensive requiring millions of dollars in investment, with the profit margins of 1%-3% for many companies, and significant risk and uncertainty. Most logging companies do not have binding volume or price contracts with mills that they do business with. Volumes and rates paid are commonly reduced by the mills with a phone call, text, or letter with minimal recourse from the logger.

Seasonal harvest windows have created operational restrictions that render employment within the sector as seasonal. Maintaining a skilled workforce in a seasonally limited environment is challenging and undermines the employment sustainability within the logging workforce. Coupled with long hours, harsh environment, and operational hazards without commensurate compensation and benefits, these factors have a negative impact in attracting young new workers into the industry.

Logging businesses are small family-owned multigenerational agricultural businesses very similar to farming. In recognition of the workforce structure and succession of farming businesses, farmers are able to integrate their family members that are 16-17 years old in the "mechanized" operation of farming equipment to facilitate learning the operations and for future succession.

Exemptions to the Hazardous Occupations (HO) Orders do not apply to youth employed or operated by their parents. At age 16 minors can perform any farm job, including those declared hazardous by the Secretary of Labor. In other occupations minors are not allowed to perform hazardous work until the age of 18. Ref. U.S. Department of Labor

Loggers are not currently specifically permitted this exemption, although the Department of Labor Child Labor Bulletin 102 states:

The Hazardous Occupations (HO) Orders for Agricultural Employment, Fair Labor Standards Act (FLSA) provides a minimum age of 16 years for any agricultural occupations which the Secretary of Labor finds and declares to be particularly hazardous for persons under the age of 16. The Secretary of Labor has found and declared that the following occupations are hazardous for minors under 16 years of age: Felling, bucking, skidding, loading or unloading timber with butt diameter of more than 6 inches

This could be interpreted to allow for "logging operations" to be conducted by agricultural workers 16 years and older.

Note: Contrary to Bureau of Labor Statistics reporting (ie. Logging Industry Most Dangerous Occupation), a review of all injury and fatality reports found the reporting criteria is skewed and misleading. The American Loggers Council met with the Bureau of Labor Statistics in Washington DC to review their data. That meeting revealed that the report of fatalities per 100,000 (98/100,000) employees was extrapolated since there are only 40,000 – 50,000 loggers in the workforce and for the year reviewed was actually 47 fatalities. Of those, 80% were nonmechanized operations (ie. chainsaws and handfelling) and some were log truck accidents. When adjusted for these factors, actual mechanized logging operations fatalities would be approximately 10 per year or extrapolated to be 20/100,000 – comparable to the agricultural sector at 23/100,000, the second highest fatality rate.

ACTION:

Logging is Agriculture

- The same opportunity for family members 16 -17 years old to operate "mechanized" logging equipment should be extended to family logging businesses. The mechanization of the logging industry is the single largest factor that has contributed to improving safety. This legislation has been introduced with bipartisan support into Congress for many years in the form of the Future

Logging Careers Act. This is the most readily available pipeline for workforce entry and family business succession.

- Trade schools specializing in logging industry workforce training should receive federal support and investment to provide cost free tuition to prospective students. Efforts to recruit at risk, underserved demographics, including an emphasis on rural and urban areas should be a targeted focus. Employers hiring from these programs should receive an “apprentice” tax credit for the first year.

TAXES

ISSUE:

Tax Burden Holding Back Investment

The Federal Excise Tax on heavy trucks was first enacted in 1917 (3%) to help pay for World War I and is the highest excise tax levied by the federal government. Over the course of 100 years the tax was repealed (1924), reinstated (1932 at 2% due to the depression), increased in 1941 (2.5%) and 1941 (5%) during WWII, 1951 (8% due to the Korean War), 1956 (10% for the formation of the National Interstate Highway Program), 1972 scheduled to be reduced to 5%, but due to ongoing interstate construction and overruns is maintained at 10%, 1975 Senate votes to repeal, but House does not, 1982 increased to 12% and extended to present day.

This tax adds more than \$30,000 to the cost of new trucks and trailers. Off-highway equipment such as agriculture, earthmoving, forestry and mining machinery are exempt from the tax. This tax is paid at the time of sale on new trucks (not used since the excise tax has already been levied when new), which consequently incentivizes the purchase of used trucks over new trucks.

The Federal Excise Tax on new over the road trucks disincentivizes purchasing new trucks that are safer, more efficient, and produce less carbon emissions. Half of the Class 8 trucks on the road today are over 10 years old and lack the cleaner technologies and fuel efficiency gains of today's new trucks.

The price of conventional diesel trucks (\$150,000+) has increased over 50% in 10 years, and the price of electric trucks (\$250,000+) is nearly double the price of a standard diesel truck. The Federal Excise Tax is 12%. While the taxable value has increased significantly, the Federal Excise Tax has remained the same, generating a disproportionate amount of additional revenue at the expense of the consumer.

The timber industry provides the forest-based feedstock to biomass power plants. These markets are critical to comprehensive forest management operations and particularly the removal of hazardous fuels. In the realm of the renewable energy environment (wind, solar, biomass) 60% of renewable energy consumed in the U.S. is derived from biomass according to the U.S. Energy Information Administration. However, the biomass renewable energy sector is at risk of losing IRS tax code sections 45Y and 48E production and investment tax credits in the Inflation Reduction Act of 2022 due to a lack of guidance from the Biden Administration. This creates an untenable uncertainty for renewable biomass power facilities.

ACTION:

Reduce Taxes to Support Economic Investment and Growth

- Reduce or eliminate the Federal Excise Tax on Commercial Trucks. This funding (\$5 billion annually) has been included in the Highway Trust Fund. The question is how to keep the Highway Trust Fund whole with the elimination or reduction in this revenue stream.
- Considering the significant increase in truck and trailer value over the past 10 years, a 50% reduction in the Federal Excise Tax, from 12% to 6% would theoretically generate the same revenue as 2013.
- Another alternative would be to backfill the Federal Excise Tax revenue with a 2.5 cent per gallon fuel tax. The U.S. consumes 135 billion gallons of gas annually and 45 billion gallons of diesel fuel. A 2.5 cents per gallon tax will generate \$4.5 billion annually. This would allow for the full elimination of the Federal Excise Tax.
- Transferring the fee to the actual vehicles impacting the Highway system upon annual registration is a simple alternative that will capture all vehicles including electric vehicles. With 283,000,000 private vehicles and 3 million commercial trucks, a flat \$20 per vehicle registration annually will fully offset the \$5 billion current Federal Excise Tax.
- Regarding Clean Electricity Production and Investment Tax Credits (Sections 45Y, 48E and 45Z) for Renewable Biomass Power generating facilities, Congress and the Administration must provide immediate clarity through the Department of Treasury and the Internal Revenue Service of eligibility. The lack of direction and certainty from the Biden Administration has left the renewable biomass industry in a compromised position that threatens the vital role these facilities represent in renewable energy production, timber industry markets, forest management and wildfire mitigation.

DISASTER ASSISTANCE

ISSUE:

Preserving Critical Infrastructure

Natural disasters impact the agricultural sector through floods, hurricanes, droughts, infestations and wildfires. The USDA Federal Crop Insurance Program protects agricultural producers from losses due to natural disasters or price fluctuations.

TIMBER IS AGRICULTURE. However, timber crops do not receive similar protection. Loggers represent critical infrastructure and were deemed essential during the Pandemic. The Pandemic Assistance for Harvesters and Haulers (PATHH) provided funding (\$200 million) to offset the financial losses during this period.

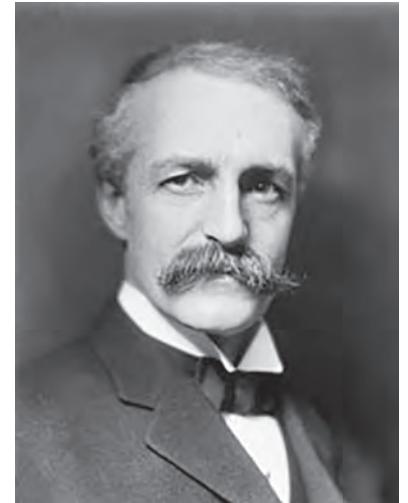
Due to recent hurricanes, drought and beetle infestations \$1.6 billion is being considered to provide assistance to private timberland owners to recover from losses associated with natural disasters.



Preserving private timberlands and the service contractor infrastructure is necessary to support the entire forest products industry. Assistance programs in response (after the fact) to natural and economic disasters do not provide certainty, encourage investment, nor provide timely assistance. The need for these assurances for other agricultural sectors is recognized and available. Establishing standing programs for the timber industry will provide parity and protection that other agriculture commodities receive.

ACTION:

- Pass the bipartisan *Loggers Economic Assistance and Relief Act* that has been introduced in the House and Senate.



Gifford Pinchot famously wrote in *Breaking New Ground*, “Forestry is Tree Farming. Forestry is handling trees so that one crop follows another. To grow trees as a crop is Forestry.”

The father of forestry and the first Chief of the U.S. Forest Service

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"First and foremost, you can never afford to forget for one moment what is the object of the forest policy. Primarily that object is not to preserve forests because they are beautiful – though that is good in itself – not to preserve them because they are refuges for the wild creatures of the wilderness – though that too is good in itself – but the primary objective of the forest policy as of the land policy of the United States, is the making of prosperous homemaking of our country. Every other consideration comes as secondary. The whole effort of the government in dealing with the forests must be directed to this end."

– Theodore Roosevelt 1903