



EXHIBIT 8
DATE 2/19/2011
HB 519

February 15, 2011

From: John Giuliani, President
Montana Timber Products
Office: 1500 Anaconda Drive, Anaconda MT 59711
Direct: 406-546-5579

RE: Montana Correctional Enterprise Vocational Training Programs, HB 519

Dear Representative Bangerter,

It has been brought to our attention that there is proposed legislation which may impact MT Dept. of Corrections-Montana Correctional Enterprise Programs. Our company, Rocky Mountain Timber Products, has a processing contract with the MT Dept. of Corrections Montana Correctional Enterprises division in Deer Lodge to process lumber. Specifically, in 2010, our company capitalized improvements of \$100,000 to MCE's Lumber Processing facility and integrated equipment for processing rough cut lumber within the auspice of MCE's vocational training program. Our company has invested for the long term. The contract dedicates a full time employee from our company to supervise and train during processing. Once processed, material is then transported to Montana Timber Products finishing facility in Anaconda where it is stained and then sold into the market. Our company is one of several who partner with MCE to process lumber. We feel that our company is a good example of how Private Enterprise can collaborate with a State program to create jobs and stimulate economic development during a challenging economic period.

Through collaboration with MCE our company has been able to:

- Hire 7 FTE/PTE with annual payroll of \$360,000. Most employees were displaced from the recession. We project to reach 15 FTE with payroll of \$500,000 in 2011-2012.
- Expand locations to Missoula, Helena, Deer Lodge, and Anaconda (our company has already expanded into a vacant warehouse space in Anaconda).
- Allocate resources to build a market and brand for a Montana valued added product. We utilize dead standing timber (beetle kill/fire burn) as our primary source of material.
- Positively impacted small sawmills within Western MT by creating a sales outlet for their rough cut lumber. We estimate our annual purchases from these mills will exceed \$500,000 and that the economic impact of these purchases to this component of the infrastructure has helped our supply partners retain/maintain nearly thirty (30) employees.
- In addition to our raw material purchases, we also contribute to other components of the wood products infrastructure. We estimate our annual purchases from finishing supplies (paint/stain) will exceed \$100,000 and help retain/maintain four (4) employment positions. Our fabrication and electrical purchases in 2010 exceeded \$200,000 and positively impacted nearly fifteen (15) employees.

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There are a few points which we feel are meaningful for you to consider when evaluating budgetary reduction and or legislation which would inhibit or prohibit the State from utilizing vocational training programs in the Wood Products Industry. They are:

1. If the State is truly interested in assisting businesses expand operations then using State resources is the most logical means to accomplish that. Historically, the State has allocated resources via tax credits/economic development funds/grants/low interest loans etc. The challenge with these mechanisms is that the State cannot effectively evaluate the management or creditworthiness of the recipient. Consequently, a lot of money gets wasted or is put at risk. Case in point, the million dollar loan granted to Neville Log Homes from the Dept. of Commerce loan fund. http://billingsgazette.com/news/state-and-regional/montana/article_0b1e12ad-99cc-5a94-bd34-0a8e2cff1b9e.html.
2. MCE has an opportunity to be a showcase for using resources to assist Private Enterprise with expanding business. The physical and human capital capabilities of Montana Correctional Enterprises are tremendous. Our experience with the administration of MCE has been positive. There's a convincing argument which can be made that rather than attempting to disrupt or close this part of the States resources there should be consideration for further investment. There are several national examples of how vocational training programs enhance and promote economic activity. http://findarticles.com/p/articles/mi_m3156/is_7_108/ai_n25071168/ Rather than trying to inhibit State programs, we believe this legislative session provides a good opportunity to maintain and consider further investment. The private sector trickledown economics of job creation/retention as a result of MCE's various partnerships provide a meaningful contribution to the state economy.
3. It's important for Legislators to understand that:
 - MCE's vocational training programs are available to any private sector employer who is interested in participating in an industry MCE offers training for. However, lack of adequate infrastructure/funding may inhibit MCE's capabilities. In the case of Montana Timber Products, the MCE facility was not adequate for our company's needs. Consequently, we improved the buildings infrastructure.
 - As currently situated, MCE's production is not capable of effectively competing with the private sector. Output is limited by limited production hours, interruption of life skills learning requirements/counseling sessions, disruption of lockdowns, weather related closures, turnover, etc.
4. If there's question in Montana's manufacturing sector as to the value of private sector employers receiving benefit from pre-release or released offenders then it may be worthwhile for Legislators to inquire with local manufacturing companies, specifically within the timber/wood products sector, what their laborer composition looks like. You'll find that many utilize these workers in their labor forces (25%-50%). Providing relevant training through MCE's vocational program has a direct economic benefit to private sector employers via their ability to obtain more qualified workers. MCE's vocational training program provides an opportunity for individuals to obtain their lumber grade certification, learn how to utilize equipment, and build self confidence. Private sector employers receive benefit from hiring these skilled workers

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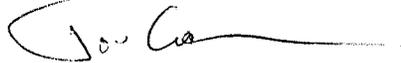
which directly equates to improved productivity and in turn profitability. This is an important portion of economic development.

5. The math of reducing recidivism has on the State is important. Simply put, the more qualified (trained) individuals are when released from MT DOC the less likely they are to return.
6. Lastly, positive change is good for economic development. As taxpayers, we believe think any Legislator proposing change to current statutes related to Correctional Enterprise Programs has a fiscal responsibility to be familiar with the content of these documents. They represent research which illustrates the value like vocational programs have on State budgets and Private Enterprise. <http://drum.lib.umd.edu/bitstream/1903/8178/1/umi-umd-5360.pdf>. Another good resource: <http://www.ati.aum.edu/uploadedfile/file/Industry%20in%20Prisons.pdf>

I ask you not to support any legislation which may restrict MCE's ability to partner with Private Enterprise because of the negative impacts it would bring to training, recidivism, as well as some local economic development efforts to utilize dead standing timber and revitalize communities.

Reinvention of the Wood Products Industry in Montana requires foresight and collaboration of State, Federal, Local, and Private Enterprise. Thank you for your contribution and consideration. I am available to meet individually or collectively should you care for additional information.

Regards,



John Giuliani, President
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