

Wood Products Revolving Loan Fund

- **2009: HB669 adopted** – “Montana Distressed Wood Products Industry Recovery and Stabilization Program” – now referred to as the Wood Products Revolving Loan Fund (Wood Products RLF).

“Due to the current, well-documented decline in the wood products industry in Montana, the legislature finds that there is a need to assist the Montana wood products industry as a whole through a revolving loan program.”

- **Three sources of funding** for the program:

Wood Products RLF Capitalization Sources

\$7.5 million	State General Fund, (HB645)
\$2.7 million	Economic Development Administration (EDA)
\$1.5 million*	Community Development Block Grant - American Recovery and Reinvestment Act (CDBG-R)

\$11.7 million Total Funding

*Rounded figure. Actual allocated funding equals \$1,495,199

- **Nine months to lend the funding**
 - **June of 2009** the program is launched
 - **March of 2010** (9 months later), **99.7% (\$11,265,466)** of the funding was allocated
- **How were the funds used?**
 - **20 private companies** active in Montana’s wood products industry through loans and
 - **18 wood products companies** had outstanding accounts receivables purchased due to the bankruptcy filing of Smurfit-Stone.
- **Current status**
 - **\$1,434,117.78** of revolved funds are available for lending.
 - **\$520,000** of revolved funds have been re-lent
 - **2** of the original 20 loans have been paid off.
 - **16** loans are performing as required
 - **1** company was destroyed by fire
 - **1** company closed

“we probably wouldn’t be in business today if it were not for the Wood Product RLF loan”

- Smith Logging

Program Successes Highlights

Leverage of Private Funds –

- \$11.3 million in loans received from the RLF leveraged **\$21 million from private funding**

Improved Balance Sheets –

- At the time of the loan, 68% of the companies were operating at a net loss.
- Within 3 months of receiving their loans, **84% of the companies improved their balance sheets**

Increase in Number of Jobs –

By June 30, 2012,

- 17 private businesses employed 851 workers
- **An increase of 115 jobs (15.6%)** over the 736 people employed by all 20 companies before they received the loans

“Overall this program has been extremely beneficial to Sun Mountain Lumber. It essentially allowed us to continue to purchase logs, keep the sawmill running, and make payroll during the unprecedented housing crisis and recession of the last several years”

- Sun Mountain
Lumber

Increase in Wages Paid –

- **14% higher overall wages** from the time the program began
- \$29 million in 2012 as compared to \$25.7 million initially

Increase in Total Output –

- \$161.9 million from \$132.2 million
 - **22% increase in the output of goods and services** produced and provided by the workers employed by the companies

“We continue to be most appreciative of the State of Montana and the WPIRS program. Those loans, with favorable terms, have allowed us to operate and keep our eye on the future.”

- Pyramid Mountain Lumber