JOBS LISTENING SESSION

62nd LEGISLATURE

January 8, 2011

Honorable Senate & House Legislators:

I am Chuck Roady, Vice President and General Manager of F.H. Stoltze Land & Lumber Company in Columbia Falls. Stoltze is both a forest products manufacturing company and a timberland company. We operate a sawmill employing 120-130 people that merchandises logs of all species and all sizes of softwood lumber and an owner of 38,000 plus acres of forest lands that have been sustainably managed for over five generations. Our company timberlands along with timber from agency and private sources help keep about 70-80 contract loggers employed as well. Stoltze has had a presence in northwest Montana for over 100 years.

First and foremost, the single most critical issue confronting the forest products industry in Montana is being able to have a dependable and consistent source of wood from our federal forest lands. Without a dependable supply of timber to operate our milling facilities all other issues and problems are secondary. I realize this is an unusual and difficult task for the State legislature to undertake, but a necessary one if we want to continue to have our industry infrastructure remain in place. Perhaps a committee of mixed legislators from districts in forested counties could be formed to meet on a regular basis with the Chief and Regional Forester of the Forest Service. Maybe it will take legislator involvement in the NEPA process to better emphasize the economic and social importance to our communities of timber harvest projects. Whatever we determine is the best solution, we need to do something soon while we still have live green trees to manage.

Secondly, we need to encourage the utilization of biomass fuels for the production of energy. The loss of the Smurfit-Stone facility has only served to bring this fact to the forefront sooner and with more necessity. We need to create more viable markets for our wood waste by-products that are generated from both our manufacturing processes and resulting from our forest management activities. Areas where the legislative process can help to create some certainty for businesses is by slowing the advance of onerous environmental regulations so that private industry would be encouraged to invest in biomass power generation facilities. Effective last week , January 2011, the Environmental Protection Agency (EPA) put into effect regulations with standards for air emissions of Green House Gases that at the present time cannot be achieved. At their own admission the EPA says there is no "on-the-shelf-technology" available to meet these standards, but their strategy is if we implement the regulations then we will force the technology to be developed to meet the standards by the time facilities are completed. Wow, that sure is a great idea to help our economy recover! The legislature can help in

preventing the State regulatory agencies from implementing these standards until the technology is available and the economy improves to allow dealing with such extraneous regulations. Anything and everything the State legislature can do to provide equitable treatment of biomass used to generate energy in comparison to the other forms of renewable energy like wind, solar, and geothermal, would be a tremendous help. Right now biomass power is at an extreme disadvantage in terms of tax credits, financing incentives, and environmental restrictions.

My third suggestion; we are very fortunate in the Pacific Northwest to have relatively inexpensive electrical power compared to most of the rest of our country. This is due to having the hydro-electric facilities in dams located throughout the entire Columbia River system. However, this luxury of inexpensive power will not exist forever and most importantly will not be allowed to grow to meet the future demand as our populations, communities, businesses, and economies grow. It would be very beneficial and forward thinking to create incentives now promoting our public utilities and co-operatives to invest in biomass energy generation. These incentives with the utilities would encourage them to work with the forest product companies in constructing facilities that would utilize wood waste. In turn, having outlets for our biomass would allow us to better manage our forests, reduce the risk of catastrophic wildfires, create new jobs, retain our logging, trucking, and manufacturing infrastructure, and reduce the amount of Greenhouse gas emissions into the atmosphere resulting from slash burning and wildfires.

Lastly, it would greatly help the forest products industry to have a significant reduction in the business equipment tax. Right now our industry often has many pieces of equipment that are only used for specific purposes for short periods of times during the year. We use our snow removal equipment only in the winter, we use much of our fire-fighting equipment only during the fire season, and we often have pieces of equipment we only use in specific situations to work on steep ground or in extremely wet conditions, maybe only 1 or 2 months a year. Yet, we are taxed on this equipment as if it is used on a daily basis. The business equipment tax needs to be changed to be applicable to the actual use and period of use of the equipment.

Thank you for this unique opportunity to present my suggestions and recommendations for needed solutions and legislation that is critical to our forest products industry. I am very appreciative of your time and effort to listen to our concerns especially on a weekend.