

Montana Forest Products Industry ARPA Funding Requests 3/18/21

Forestry Request	Cost	Description	Current Funding	Ongoing Funding
MT Forest Action Plan Round 1	\$15,000,000	70 forest restoration projects = \$14,000,00	\$4,000,000	OTO
		Shovel ready projects. Every 1 million board foot of timber harvested, provides between 15 to 20 jobs.		
Good Neighbor Authority	\$ 5,000,000	Six Forest Service NEPA ready projects	N/A	OTO
Forest Products Loan Program				
Forest Products RLF	\$ 5,000,000	MT Dept of Commerce est. 2008	\$1,100,000	OTO
		Debt Service, Payroll		
Forest Products Grant Program				
Wood Manufacturing Innovations	\$10,000,000	MT DNRC Wood Products Utilization Program	N/A	OTO

COVID Nexus

Montana's forest products industry relies on 35% timber harvest from non-industrial private forestlands, 25% from industrial private forestlands, 20% from the US Forest Service, 15% from state Trust Lands, 5% from BLM and Tribal. In 2020 the USFS attempted to meet their timber target, but due to COVID safety mandates, Region One fell short of the target and are down 30% this year. Hazard Reduction Agreements (HRAs) through the DNRC for timber sales on non-industrial private forestlands also decreased in 2020 even though lumber market prices increased due to the domestic demand for lumber and trade restriction on the Canadian boarder. In 2020, the average delivered log price was a cumulative increase in value of under 2%. Lumber value indexes for that same period show cumulative changes in value from -4% to +2%. The appraised "stumpage value", or what a landowner could expect to receive for the timber, after costs of harvest and delivery are deducted, some areas equaled or even exceeded what mills were paying for logs delivered to the market. Many logging contractors rely on smaller timber sales. When stumpage rate do not at least equal delivered log prices, that impacts their ability to stay in business. More timber sales made available, better everyone can weather the volatility in the market. Even though lumber prices rose in 2020, the bottom line is a wood manufacturer may have very expensive delivered logs in their yard.

Funding the requests above will help stabilize the industry for the logger, log hauler and wood manufacturer, while addressing forest health on 3.8 million acres in the Wildland Urban Interface that is identified as being at risk for wildfire, insect and disease. Timber projects will provide immediate employment, reduce the risk of wildfire, provide for public safety and human health benefits.