

**Report to the Governor**

**Governor's Task Force on the  
Competitiveness of Minnesota's Primary  
Forest Products Industry**

**July 2007**

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## Executive Summary

A healthy, integrated, and competitive primary forest products industry that continues to attract investment is vital to Minnesota's economy as well as to the health of our forests. The state can ensure this future by taking advantage of opportunities and addressing current challenges. Minnesota's governor has the ability to exert a substantial influence on the state's forest resources and timber supply, as the state and counties administer almost forty percent of the forestland in Minnesota. In addition, emerging opportunities for collaboration between the forest products and energy industries will help the state attain its renewable electricity and fuels goals.

Sixteen recommendations have been developed to achieve and extend the vision of a competitive forest products industry into the future. These recommendations encompass the areas of forest sector policy, forest resources management, energy, transportation, and social investments. Below is a brief summary of the recommendations.

**Forest Sector Policy.** As state agencies control a substantial percentage of the state's forests and influence other ownerships as well, the task force recommends the creation of a forest economy sub-cabinet to coordinate agency policy and actions and ensure that policies and laws help enhance the competitive position of the forest products industry.

**Forest Resources Management.** Maintaining a healthy and productive resource supply is crucial to the forest products industry, as well as to the state's public and private forestland owners. It is recommended that the state increase the amount of timber harvesting statewide, including the contribution from family forestland, and use the most recent data and technologies to examine sustainable harvest levels. It is also recommended that the state increase investments for conservation easements and improve the effectiveness of the Sustainable Forestry Incentives Act (SFIA) in response to the threat of parcelization and conversion of Minnesota's working forests. Recognizing the patchwork of ownership of Minnesota's forests, it is suggested that the state facilitate the consolidation of public and private ownerships, thereby increasing the efficiency of forest management. In order to carry out the above recommendations, a skilled workforce is essential. This workforce should be maintained and enhanced by encouraging employers and policy makers to support professional forestry education, developing a logger training program within the state's technical and community colleges to ensure an adequate workforce, and developing a loan program for those entering the logging business.

**Renewable Energy.** Minnesota's forest products industry has long been a leader in the use of renewable energy. With the recent growth in energy costs and the proactive stance of the current administration, forest products industries are well positioned to become global leaders in the production of cellulosic energy and to be major contributors to the state's renewable energy standard. This can be achieved by ensuring that the NextGen Board makes the forest products industry a priority within the emerging bioenergy industry by encouraging partnerships and providing capital incentives, investing in pilot-scale projects, and ensuring that raw material supplies to the forest products industry are

sustained. However it is important that public incentives do not create an unfair advantage for any particular industry sector, region, or company.

**Transportation.** In order to be competitive with other states and countries, Minnesota needs to ensure comparable transportation costs. This can be done by making truck weights comparable to other states and countries and by supporting efforts at the federal level to make rail rates more competitive.

**Social Investments.** Social investments are required to maintain and improve the long-term viability of the forest products industry. Modifying the Sustainable Forestry Incentives Act, as well as the property tax code, would aid in accomplishing a number of important management objectives on private lands. The assignment of a MPCA liaison officer for individual plant expansions or new facilities would facilitate the efficiency of the environmental permitting and review process. A long-term public education program would serve to enhance the public's knowledge and understanding of the importance and role of the forest products industry in our society, economy, and environment.

## Vision

The long-term vision for Minnesota is a healthy, fully integrated forest products industry (including renewable energy) competing successfully in the dynamic global marketplace. This industry contributes to the economy and social fabric of the entire state, and is critically important to northern Minnesota. The industry continues to attract investments that have high rates of return as a direct result of the environmentally sustainable supply of timber resources from well-managed forests. State and county forests continue to be critically important to the raw material supply of the industry, as the industry is to the health of the forest.

Minnesota policies and incentives have enabled the forest industry to attain aggressive renewable energy objectives by taking advantage of its existing infrastructure and raw material supply. These same policies and incentives allow an efficient synergy between the forest and renewable energy sectors to maximize forest values. Similarly, enhanced forest management techniques will increase the health and productivity of forests as well as provide for carbon sequestration.

## Opportunities

The primary forest products industry is vital to the state's economy and the maintenance of forest resources. The 22,000+-person industry workforce supports economies and additional jobs in vital parts of rural Minnesota, as well as related employment in the metropolitan area. With a number of recent challenges facing the industry, there is a compelling opportunity for the Governor and legislature to provide leadership in advancing the competitive position of this important industry.

### ***Governor's unique influence on forest policy and public awareness***

Minnesota's governor has considerable influence over the forest resources of Minnesota. The state and its counties administer thirty-nine percent of the state's forestland, a higher percentage than any other state in the nation, and more total forestland than any of the other contiguous forty-eight states. The governor and the legislature can exert a major influence on the supply of timber, thereby directly influencing the stability, profitability, and investment decisions of the forest products industry. The impact of this influence on the vitality of the forest products industry cannot be overstated. The governor should take advantage of this leverage to help improve Minnesota's competitiveness within the industry.

### ***Renewable energy is the emerging strategic issue***

Low energy prices have long been a competitive advantage for Minnesota. However, as with the rest of the United States, the cost of natural gas and electricity are rising rapidly. Minnesota's recently adopted Renewable Electricity Standard will have further ramifications for the industry. State policy-makers must recognize the emerging opportunities for collaboration between the existing forest products and energy industries in meeting the state's energy policy goals. Encouraging investment in such partnerships will enable the state to achieve its renewable electricity and fuels goals more efficiently and at lower cost than by investing in new stand-alone industries.

Given the vision and the opportunities to realize it outlined above, recommendations have been developed to enhance the forest products industry's sustainability and competitiveness with its counterparts in other states and countries. Recommendations have been developed in five broad, long-term issue areas that will have the greatest impact in improving the competitiveness of the forest products industry. The agency or organization that should be assigned responsibility for each action is noted in parentheses.

## **Recommendations**

### **Forest Sector Policy**

**Goal:** To provide state agency policy coordination and action as well as ensure that state laws and procedures enhance the competitive position of the forest products industry in Minnesota.

**Background:** State agencies have, directly and indirectly, a major impact on the raw material supply of the forest products industry. Because the state and counties manage almost 40 percent of Minnesota's forestland, state statutes and policies have a substantial influence on the markets for forest resources. There is a need to provide coordination between multiple agencies in policies, procedures, and action. The focus of this coordination should be on simplifying and standardizing policies and procedures to facilitate the joint enhancement of timber production, energy generation, and environmental values. Policy coordination will foster agency interactions enabling the

efficient conduct of timber sales, improved silvicultural practices, increased fiber production, and reduced environmental impacts.

### **Recommendation**

1. Create a forestry economy sub-cabinet, similar in nature to the mining sub-cabinet. This sub-cabinet should consist of agencies that regulate or are direct stakeholders in Minnesota's forest products industry, such as the DNR, IRR, DEED, MPCA, and the Department of Commerce. This group should meet as needed to discuss challenges and opportunities related to forestry, to coordinate the administration's responses to emergency situations or, preferably, to plan and undertake actions that anticipate and help avert such emergencies (Governor).

### **Forest Resources Management**

Forest resources and their management are fundamental to the primary forest products industry. Three major issues are addressed in this section:

- Wood and Fiber Availability and Forest Productivity and Health,
- Maintenance of the Working Forestland Base, and
- Workforce Development.

**Goal:** An ample resource supply that encourages investment, and in turn, encourages the retention of a productive and healthy forestland base that is efficient to manage.

### **Wood and Fiber Availability and Forest Productivity and Health**

**Background:** Demand for wood and fiber for primary forest product manufacturing companies in Minnesota continued to rise through the 1990s and very early 2000s, but the supply reaching the marketplace from Minnesota timberlands has leveled off at approximately 3.7 million cords annually. The imbalance in fiber supply and demand led to most recent capital expenditures in the primary forest industry going to other regions of the United States and the world, where fiber and other costs are lower. Lack of forest industry capital expenditures in Minnesota jeopardizes the long-term competitiveness of the industry and the ability to manage forests to achieve both their potential commercial and environmental values. In 2006-2007, these high timber prices combined with slow housing starts and increased global competition to create poor industry performance and the shutdown of several facilities.

Primary forest product companies need a reasonable assurance of dependable fiber supply at prices that are affordable and competitive, both regionally and nationally. Inadequate fiber supplies for the industry jeopardize the long-term health of this important segment of Minnesota's rural economy, and also the ability to manage forests utilizing market forces. Additionally, forestland owners need stumpage prices that are sufficient to cover costs associated with owning land (e.g., taxes, land management certification, reforestation, and other management costs) and to encourage increased

investments. Finally, Minnesota's timberlands are producing well below their potential due to inadequate stocking, losses to mortality, and failure to take advantage of the full productive capacity of many sites.

## **Recommendations**

2. Increase the statewide annual timber harvest for all ownerships to 5.5 million cords by 2012. To accomplish this goal:

a. Direct the DNR and encourage the counties and federal land managers to offer more wood for sale at optimum economic rotation ages. This should be developed to the extent that it does not preclude Extended Rotation Forestry (ERF) prescriptions, a mitigation recommended within the Timber Harvesting GEIS. The DNR should immediately set an upper limit of 30 percent for extended rotation prescriptions utilizing normal rotation ages within its Sustainable Forest Resource Management Plans. Counties should limit allocation of acres to extended rotations (DNR, county boards, USDA-Forest Service).

b. Efficiently allocate the necessary resources to state and county forest management agencies for management activities and forest inventory on public lands. Strengthen private landowner assistance and incentives in support of the forest industry's efforts to improve utilization (DNR, county boards).

c. Implement contemporary harvest scheduling/planning models as the primary tool for assessing productive and sustainable forest management options. This tool will foster the inclusion of a comprehensive range of silvicultural practices that encourage forest health and productivity, increase timber supply, and foster further investments in productivity while maintaining environmental quality objectives. To accomplish this recommendation, a cooperative should be formed that includes the University of Minnesota and public and private landowners, with start-up funding support provided through the Forest Resources Interagency Information Cooperative (University of Minnesota, DNR, county boards, USDA-Forest Service).

3. Provide funding to update portions of the Timber Harvesting GEIS to refine knowledge of conditions and practices, specifically addressing sustainable harvest levels (University of Minnesota).

## **Maintenance of the Working Forestland Base**

**Background:** Minnesota's forestland ownership is shared among state, county, federal, and private landowners. Forty-four percent of Minnesota forestland is privately owned, with over 80 percent of the land owned by family forestland owners (also referred to as non-industrial private forestland owners). These various public and private ownerships are intermixed, creating a "checkerboard" ownership pattern that increases forest management costs.

Additionally, Minnesota's private forests are becoming increasingly parcelized. A 2006 study<sup>1</sup> found:

- 587,000 acres of forestland were sold in Minnesota from 1989-2004;
- the amount of forestland sold increased by an average of four percent per year from 1989-2004; and
- Minnesota forestland values increased more than 12 percent per year since 1989 (nine percent when adjusted for inflation).

The study concluded that although parcelization may not appreciably alter the physical integrity of the landscape (i.e., the landscape may still be forested), there are a number of potential adverse impacts, including reduced economic viability of managing forests for wood and fiber products, reduced opportunities to manage wildlife habitat, impaired watershed functions, increased fire risks, and reduced public access for outdoor recreation.

Recognizing the “checkerboard” ownership pattern and the trend of forestland parcelization, it is especially disconcerting that Minnesota's 147,000 family forestland owners often lack adequate expertise, resources, and incentives to manage their land to its full potential. This checkerboard pattern also makes the management of lands, both public and private, more expensive than if they were consolidated. To keep these forests diverse, healthy, and able to meet multiple ownership goals, the DNR-Division of Forestry works with numerous partners to provide education and technical assistance to landowners. The core of the DNR private assistance efforts is the Forest Stewardship Plan program. To date such plans have been developed for 1.3 million acres of the 5.3 million acres of family forestland.

## **Recommendations**

4. Increase state investments in working forest conservation easements, financed in partnership with other funding sources (e.g. USDA-Forest Service Forest Legacy funds, private fundraising, and landowner donations), and ensure that easements are compatible with the Sustainable Forestry Incentives Act (DNR, LCCMR).
5. To reduce the “checkerboard” forestland ownership pattern and increase management efficiency and access, develop a new state system to expedite public and private land exchanges. Identify priority areas of commercial and public ownership for expedited land exchanges (DNR).
6. Increase the contribution from well-managed family forestland to Minnesota's timber supply (DNR, USDA-Forest Service, MFA, MACF, MFI).

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<sup>1</sup> Kilgore, Michael and Donald MacKay. 2006. Trends in Minnesota's forestland real estate market: Implications for forest management. *Northern Journal of Applied Forestry* 24(1): 37-42.

## **Workforce Development**

**Background:** The ongoing maintenance and growth of a skilled workforce (including forestry professionals and loggers) is needed to adequately manage Minnesota's forest resources. Forestry and related professionals are crucial to managing the forest resources of the state. Many public agency employees charged with maintaining and increasing the timber supply will be retiring in the near future (approximately 25 percent of the current DNR foresters will retire in the next five to seven years). Current forestry student graduation numbers from the University of Minnesota are not as high as needed to replace the retiring workforce. Salary levels for state forestry professionals must be competitive to attract and retain graduates to practice in Minnesota.

A 2004 survey conducted by the Blandin Foundation found that 20 percent of loggers are planning to leave the business within the next five years. A main challenge for these logging businesses is their difficulty in securing adequate financing. Additionally, it is hard for them to attract and retain employees, as wages and benefits for heavy equipment operators in other industries and public agencies are often more competitive. Further, the initial capital investment required to start a logging business is substantial, making it difficult to create new logging businesses. For truckers, backhaul opportunities are limited and the seasonality of the business requires considerable diversification.

### **Recommendations**

7. Encourage employers and policy makers to support professional forestry education and more aggressive recruiting by forestry schools in the region by public statements, program marketing in partnership with schools, and offering support through internships and scholarships (DNR, MFI, counties, USDA-Forest Service, University of Minnesota).
8. To attract and train new entrants to the logging profession and provide continuing education to loggers, especially regarding principles and applications of logging cost analysis, develop a "logging program" in cooperation with the Minnesota Logger Education Program. This program should be implemented at the state's community and technical colleges and funded by a DEED job skills partnership grant (DEED, MLEP).
9. To counter the capital-intensive nature of logging investments, develop a loan program for the logging industry that offers no-interest loans, low-interest loans, or loan guarantees for new logging businesses and technology/equipment investments by existing logging businesses (DEED, IRR).

## **Renewable Energy**

**Goal:** Assist the forest products industry in becoming a global leader in cellulosic energy production from woody biomass and a major contributor toward achieving the state's renewable energy standard. This includes the integration of advanced technologies, such as biomass gasification, to transform the forest products industry from a net purchaser to a net seller of electric power. Additionally, foster the development of fully integrated

forest products and renewable energy industries that attract substantial private and public investments and conduct operations in a manner that is environmentally sustainable.

**Background:** The substantial growth in energy costs in recent years has significantly affected the primary forest products industry, loggers, and truckers. In the next five years, a number of energy-related developments will put additional pressure on the existing industry's viability, but also provide opportunities for profitable new business development. These developments include:

- Purchased power costs (natural gas and electric) are likely to increase in price by 10 to 15 percent,
- Loggers are likely to face significant capital costs to improve their equipment to meet the growing energy market needs,
- Mill residue and harvest residue prices will increase,
- New energy conversion technology will dramatically increase the efficiency of mill waste utilization, and
- Renewable energy markets (especially cellulosic ethanol) will provide higher value options for biomass resources of all types.

The forest products industry has long been a renewable energy leader, using mill wastes and logging residue to power pulp and paper manufacturing facilities. However, the primary forest products industry is not "energy self-sufficient" and currently purchases both electricity and fossil boiler fuels. Increased energy prices have stressed the forest products industry, with the greatest impact on older, less efficient facilities, such as many of those located in Minnesota.

The current administration has a strong history of proactive energy policy supporting efficiency and renewable energy. The administration is currently advancing the NextGen Energy policy that is focused on three pillars: more renewables, more efficiency, and less carbon. In addition, Minnesota has the strongest commitment to renewable energy in the nation.

This emerging energy environment is a coupling of new opportunities and challenges. High energy prices are a clear threat. Some industry leaders are concerned that additional commitments to renewable energy will further increase electricity cost. Also of concern to the industry is the potential for increased competition for biomass from the energy sector, as the BTU value of biomass tracks natural gas prices.

Despite these challenges, stunning new opportunities for the industry are emerging. The national forest products industry Agenda 2020 initiative has spelled out the potential for profit through biorefining. The pulp and paper industry is perhaps better positioned than any other to take full advantage of the exploding interest in cellulosic bio-fuels such as ethanol. The Agenda 2020 study has shown that Black Liquor Gasification Combined Cycle power plants in pulp mills are a profitable first step toward the mills becoming biorefineries. This technology investment has the potential to make the industry a net seller rather than a net purchaser of electricity.

## **Recommendation**

10. Direct the NextGen Energy Board to:

- a. Ensure that existing forest product industry facilities are a priority for state cellulosic biofuels and bioenergy policies, incentives, and research;
- b. Ensure that the current raw material supplies of established forest product firms are sustained and the existing use of biomass by these firms for energy purposes is enhanced;
- c. Provide capital incentives for high-value biomass utilization, including gasification equipment to produce bio-gas, as an offset for the use of natural gas and propane, and as a first step toward the next generation of biofuels;
- d. Structure incentives to enable partnerships to develop between electric utilities and the forest products industry, in order to increase the potential pool for investment capital and promote least cost compliance with the state's aggressive renewable electricity requirements; and
- e. Provide state investment in pilot scale projects at existing forest products facilities to test next generation bioenergy technologies (NextGen Board).

## **Transportation**

**Goal:** To achieve a competitive position versus other states and countries in the transportation of timber and other material inputs to primary forest products industry manufacturing facilities, and in the shipment of finished products to market.

**Background:** Transportation issues important to the primary forest products industry include truck weight limits on state and federal highways, limited rail service, and excessive rail rates for shipment of both raw materials and finished products. Truck weight limits on state and federal highways place Minnesota businesses at a competitive disadvantage. Limited rail service and high rates, particularly for captive shippers, increase costs and limit shipping options.

### ***Trucks***

Weight limits for trucks operating on state and local highways in Minnesota are lower than those in surrounding states and provinces. This is compounded by extensive higher weight limits for whole states, specific routes, and specific commodities on state and interstate highways in many states.

Forest products companies would save millions of dollars annually if truck weight limits in Minnesota were increased by 10,000 pounds for shipping finished products. One company alone has projected that it would save over \$1 million per year if this change in policy were made. A paper manufacturer, currently in competition for capital investment

dollars with another facility owned by the same company outside Minnesota, is at an annual disadvantage of \$1.5 million due to transportation costs.

The Minnesota Department of Transportation's 2006 *Truck Size and Weight Project*, and other research and analysis, clearly shows that increasing truck weights while adding axles with brakes would decrease pavement wear, maintain safety, save fuel, and benefit the economy.

### ***Rail***

There are only four Class I railroads, those with networks capable of moving goods long distances, operating in the United States. Railroads have increasingly declined to serve certain markets and have engaged in discriminatory pricing practices directed at shippers served by only one railroad ("captive shippers").

Several Minnesota forest products companies have had railroads either drop service that was provided historically or decline to provide requested service. Other companies that are captive shippers have been offered only economically uncompetitive pricing for moving products. In these instances shippers have been forced to move products from rail to truck in order to limit economic disadvantages.

Federal anti-trust exemptions for railroads and their historic influence on the Surface Transportation Board have allowed railroads to operate in ways that are economically harmful to the forest products industry.

### **Recommendations**

11. Increase weight limits on local, state, and federal roads (including the interstate highway system) to be equal to or greater than those available to manufacturers in competing jurisdictions, while protecting road and bridge infrastructure by adding axles and braking capability (MN DOT, Minnesota Congressional delegation).
12. Support federal legislation to improve rail rates, particularly for captive shippers, by:
  - a. Sending a letter to each member of Minnesota's Congressional delegation urging co-sponsorship of Rail Competition and Rail Antitrust legislation (Governor, Minnesota Congressional delegation);
  - b. Preparing, introducing, and passing a National Governor's Association resolution of support for Rail Competition and Rail Antitrust legislation pending in Congress, and transmitting that resolution to Congress (Governor, National Governors Association).

## **Social Investments**

To foster a long-term positive investment climate for the primary forest products industry, the state needs to make a number of social investments. Key investment areas are:

Taxation  
Environmental Review and Permitting  
Public Attention/Knowledge

### **Taxation**

**Goal:** Foster a favorable property taxation climate that encourages investment by the primary forest products industry, attracts secondary industries, and encourages both family forest and industrial landowners to retain and manage their lands as working forestlands.

**Background:** There are numerous types of taxes that have a direct or indirect effect on the primary forest products industry, including sales taxes, income taxes, and property taxes, among others. Taxes are the single highest cost of owning forestland. As returns on forestry investments are often realized far into the future, property tax policy can be a powerful tool in influencing the management of the state's private forests. Property tax policy is used in all 50 states to encourage the provision of benefits from private forestland. Furthermore, forest landowners in Minnesota prefer property tax incentives to other incentives in encouraging forest management. The 1984 and 1989 Governor's Blue Ribbon Commissions and the 2003 and 2006 Governor's Task Forces all identified property taxation as an important issue to be addressed by the state in improving the business climate for the primary forest products industry.

The 2001 legislature passed the Sustainable Forestry Incentives Act (SFIA) with the intention of encouraging private forestland owners to retain their property in forest cover, encourage sustainable forest management, increase productivity, and enhance wildlife and other non-timber benefits. The program has experienced modest enrollment and therefore limited effectiveness in accomplishing the aforementioned goals. Currently, state property tax policies do not foster a business climate that encourages investment by the forest products industry and do not adequately encourage forestland retention or management by family forest and industrial forest landowners. The University of Minnesota-Department of Forest Resources is conducting a Blandin Foundation-funded study on ways to improve the effectiveness of the SFIA and to make Minnesota forestland property tax policy more effective.

### **Recommendations**

13. To improve the effectiveness of the Sustainable Forestry Incentives Act (SFIA) and make Minnesota forestland property tax policy more effective, amend the act as follows based on findings of a University of Minnesota research study:

- a. Reduce or change the 4-year opt-out portion of the enrollment requirements,
  - b. Increase the amount of the incentive payment,
  - c. Increase the amount of marketing to forestland owners, and
  - d. Continue to monitor SFIA and look for opportunities to encourage participation (DNR, DOR).
14. To encourage forestland retention, adjust current property tax classifications/rates to make them comparable to agricultural lands (DOR).

### **Environmental Review and Permitting**

**Goal:** Shorten the time required to complete Minnesota’s environmental review and permitting processes for the forest-based manufacturing sector and make these processes more predictable so they are similar to those of other competing jurisdictions.

**Background:** As a precursor to investing in expansions and the upgrading of manufacturing plants, the forest products industry must complete environmental permitting and review processes. As evidenced by forest industry experiences in the 1990s and early 2000s, this process has historically taken a long time and been unpredictable and expensive relative to similar processes in other states and nations. Timely environmental review and regulatory actions are important drivers for maintaining a competitive forest-based industry in Minnesota. In particular, the timelines and associated costs have a considerable influence on investment decisions to modernize and/or expand forest products manufacturing facilities at one location versus another.

The 2003 benchmarking assessment of environmental review and permitting in the Governor’s Forest Products Industry Task Force report characterized other jurisdictions as having more competitive policies and processes than Minnesota. In 2005, the legislature required the Minnesota Pollution Control Agency to conduct a more comprehensive study to benchmark Minnesota’s environmental review and permitting processes for the forest products and mining industries relative to requirements in other states and countries. After completion of this study by the University of Minnesota, the Task Force recommends issuing an addendum to this report that provides a fully considered response to the recommendations.

### **Recommendation**

15. To speed the environmental review and permitting process, assign a liaison officer within the MPCA to work with companies applying for environmental permits and the MPCA permit engineer (MPCA).

## **Public Attention/Knowledge**

**Goal:** To improve the image of forestry in Minnesota by increasing public understanding about the importance, needs, and contributions of the forest products industry.

**Background:** A healthy primary forest products industry provides markets for timber. Because forest management is largely accomplished through commercial timber harvest, the forest industry plays a vital role in realizing many forest health, wildlife habitat and other environmental and recreational benefits on our state's public and private forests. There is a continuing need to increase the level of public knowledge of the forest products industry due to a generally limited understanding of the diverse roles, importance, issues, needs, and contributions of the industry.

With increasing urbanization, many citizens have become distanced from the role and importance of natural systems. They are often unaware of many of the roles that forests and forest management practices play in providing a multitude of benefits to society. Many Minnesotans are also unaware of the important role that the primary forest products industry plays in providing direct and indirect employment, high wage jobs in rural areas, state and local tax revenue, and income for family forestland owners from timber sales.

Few citizens realize the leadership role already being played by the state's forest products industry in renewable energy production and use. Nor do many realize that by developing close linkages with utilities, the primary forest products industry has an historic opportunity to help achieve the state's renewable energy standard while retaining and attracting substantial additional domestic and foreign investment in Minnesota's manufacturing sector. The industry can also play a highly significant role in increasing carbon sequestration from the state's forests.

## **Recommendation**

16. To provide the public with key messages on the importance, needs, and existing and prospective contributions of the forest products industry, conduct a comprehensive, long-term public information program that includes the following actions:

- a. The Governor and state agency executives should highlight the forest products industry in major events that receive wide media coverage (e.g. Governor's proclamations on Minnesota Forest Products Week and on Minnesota Forestry Day; a Governor's "fly around" touring industry and harvesting operations in Minnesota with the DNR, DEED, and IRR commissioners; a Governor's Annual "Summit" on the Health of the Forest Products Industry) (Governor, DNR, DEED, IRR).
- b. Create a DNR-led public awareness program, in cooperation with other state

agencies, addressing forestry and the forest products industry issues. This program would include revitalizing and expanding the DNR School Forest and Project Learning Tree programs (DNR).

### **Implementation**

The forestry sub-cabinet, as proposed in recommendation #1, should be charged with monitoring the execution of the recommendations, utilizing the Minnesota Forest Resources Council to develop metrics and benchmarks regarding the implementation.

### **Concluding Comment**

The Task Force would like to commend the Governor for outstanding leadership in confronting the problems facing this important industry. The recommended short-term actions of the 2006 Task Force have been largely achieved. We thank the Governor for providing us the opportunity and resources to address the long-term actions needed to return the industry to a healthy, competitive state. We ask the Governor to carefully consider and move forward with the recommendations proposed.

## **Appendices**

### **Appendix 1: Task Force Implementation Team Members**

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### **Appendix 2: Acronyms**

DEED	Department of Employment and Economic Development
DNR	Department of Natural Resources
DOR	Department of Revenue
ERF	Extended rotation forestry
GEIS	Generic Environmental Impact Statement
IRR	Iron Range Resources
LCCMR	Legislative-Citizen Commission on Minnesota Resources
MACF	Minnesota Association of Consulting Foresters
MFA	Minnesota Forestry Association
MFI	Minnesota Forest Industries

MLEP	Minnesota Logger Education Program
MN DOT	Minnesota Department of Transportation
MPCA	Minnesota Pollution Control Agency
SFIA	Sustainable Forestry Incentives Act
USDA	United States Department of Agriculture