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COVID 19 Economic Damage Relief Package for Logging and Trucking Companies in the Forest Products Industry

Program to Support Loggers and Log Haulers in Transition:

Consuming mills have reduced their consumption as a result of reduced or lost markets during the COVID 19 pandemic. The ripple effect of that has been a reduction in the amount of wood fiber being sourced from the forest by the small, family-owned logging and log trucking businesses. According to Matthew Pellki, Professor at the College of Forestry, Agriculture and Natural Resources at the University of Arkansas at Monticello, "With the COVID-19 pandemic, housing starts have fallen 22 percent, which is the fastest one-month fall since March 1984. The Association of General Contractors (AGC) has reported that 40 percent of the construction workforce in the United States has been laid off due to project delays and cancellations. No construction means orders for lumber fall, mills saw fewer logs, and less standing timber is bought and harvested." In his article, Professor Pellki goes on to say, "If the general economic recovery is V-shaped and reopening the economy in May and June is successful, and a relatively "normal" economy persists afterward, stronger markets for pine timber for landowners has been pushed back at least two more years."

This amount of time will be a significant challenge for loggers and log truckers to survive and remain whole to continue their operations. Loggers and log truckers could go out of business and the entire value supply chain could be significantly disrupted as a result. With high operating costs, diminished markets and low returns on investments, logging capacity throughout the United States could be deeply reduced and new investments into the logging sector will be limited.

In order to sustain the supply chain, federal resources should provide a program for those contractors that harvested/delivered wood to various mills across the country in 2019. Contractors should be able to apply for relief through the USDA to assist them with their ability to continue business operations for the next twelve months while their markets attempt to recover, much like the assistance already given to other producers of agricultural commodities.

Funds could be used for business operating expenses such as equipment loan payments, maintenance costs, consumables such as fuel and oil expenses, required insurance payments and other fixed and variable costs not already covered in existing federal payment programs such as the Payroll Protection Program and other Pandemic Unemployment Assistance.

To receive the funds, a contracting company must provide evidence of gross revenue received for 2019. This evidence could be provided through payment statements received in 2019 from contracts with mills or providing a copy of 2019 business tax return forms that have been submitted to the Internal Revenue



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Service to substantiate the amount of funds a logging business will receive. A company can receive up to 10% of their gross revenue for operations in the first seven months of 2019 in the form of a grant, similar to the CARES Act Coronavirus Food Assistance Program already made available to other agricultural commodities.

This program is intended to ensure that contractors can have the opportunity to remain in business over the next 12 months and to adjust their operations as markets begin to stabilize.

This is not a state or regional issue, but a national issue that needs to be addressed to sustain the essential service providers of the timber harvesting and hauling industry. Members of the American Loggers Council stand ready and able to assist members of Congress and the Department of Agriculture as they consider all available options in helping to assist the small family-owned businesses that consist of timber harvesters and haulers that are critical to timber dependent rural economies across the United States and provide the fiber that has proven to be a critical resource for all U.S. citizens during the current pandemic.

Sincerely,

Daniel J. Dructor
Executive Vice President – American Loggers Council

Representing State and Regional Logging Associations in 34 States across the United States including:

Alabama Loggers Council, Independent Logging Contractors of Alabama, Northern Arizona Loggers Association, Arkansas Timber Producers Association, Associated California Loggers, Southeastern Wood Producers Association – Florida/Georgia, Associated Logging Contractors, Inc. – Idaho, Green River Loggers Council – Kentucky, Louisiana Loggers Association, Louisiana Logging Council, Professional Logging Contractors of Maine, Michigan Association of Timbermen, Associated Contract Loggers & Truckers of Minnesota, Mississippi Logging Association, Missouri Logging Council, Montana Logging Association, New Hampshire Timber Harvesting Council, Northeastern Loggers Association – New York, Pennsylvania, Vermont, New England States, Carolina Loggers Association – North Carolina, Logging Standards Council – Ohio, Associated Oregon Loggers, South Carolina Timber Producers Association Southern Loggers Cooperative, Texas Logging Council, Virginia Loggers Association, Washington Contract Loggers Association, West Virginia Loggers Council, Great Lakes Timber Professionals Association – Wisconsin