THE MICHIGAN ASSOCIATION OF TIMBERMEN

Timbermen's Quarterly February 2024 Edition

TINBER TALK

Dedicated to Representing the Needs of Small Businesses in the Forest Product Industry

INSIDE

Timber Tax Tips For Loggers

Biomass Power Stations Threatening Closure

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The Michigan Association of Timbermen is dedicated to the practice of sustainable forestry which provides the goods and services we demand without compromising the opportunity to provide the same goods and services for future generations.



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PRESIDENT'S MESSAGE



PRESIDENT Joe Doyle

Michigan Association of Timbermen

Well, here we are, not having the robust winter logging season that we had hoped for.

While the cold weather has seemed to last about 15 minutes this year, we find ourselves thrown into weight restrictions nearly a month earlier than I can ever remember. Fear and worry are the norm if you must move to a job that won't last a potential eight weeks until this is over. This will put the hurt on statewide inventories on an already unstable market. It is my hope that you have found a stand of timber that works for your market. Communication is key. I have already heard of several hardwood mills switching to different species to accommodate what they can get at this time.

Now on to a different topic, Biomass, while we felt last summer that we won the battle by keeping the word "biomass" as a form of Renewable energy in Michigan's Energy Plan we may have lost the war.

Biomass is under attack in many states, not just Michigan. With new clean energy mandates rolling from the top following the mantra "if it burns, it's bad" Bioenergy doesn't stand a chance with this line of thinking. We are losing two of five biomass facilities in our state with a combined total of 56 MW.

These plants are true workhorses for our energy grid. They not only provided clean reliable energy to our state but also provided it at a time when the wind didn't blow, and the sun didn't shine. With increased demand for baseload power, it is incredible to me that we can get that same load from sources that are vet to be constructed. This will be my family's 34th year of producing biomass chips. It will assuredly be our last. It has never been a good long-term market but from a forestry standpoint, it has been one of the best things that has happened to Michigan forestlands that I can think of. The ability to remove waste from a jobsite and to remove and market unwanted species is a wise use of our resources.

The Timbermen continue to work hard to educate and relay real life information to those that hold the power over our industry. We will continue to do so even when it seems no one is listening.

The reality is, the biomass industry will be revived once it is realized that these new policies are not working OR, it will be the end of it all together and the market will come up with new uses for forest residue. I'm betting on the latter. The 1980's ushered in the end of Nuclear Power construction and guess what, we are talking about it again. I have read several articles touting it as a safe and carbon neutral energy. It seems as if the decision makers and authors weren't around in the 80's to get a pulse of how most Americans felt about Nuclear Power. I've yet to hear the mantra "if it leaks radiation, its bad" History does repeat itself whether we like it or not.

Even with all of the challenges we're facing, if my wife Christine has taught me anything, it is to always be grateful. None of us would be where we are today if it weren't for the help and opportunities granted to us daily by others. Whether it be a company that you purchase your supplies from, an employee, a spouse or a market that buys your forest products, a dose of outward gratefulness will pay dividends better than any business move you will ever make.

EXECUTIVE DIRECTOR'S REPORT



EXECUTIVE DIRECTOR Justin Knepper Michigan Association of Timbermen

The Michigan Association of Timbermen office is in full swing as we begin 2024, with a tremendous amount of activity taking place. Michelle Sears and myself have been working on our spring Timbermen's Convention planning, our new Michigan Forest Products Show, our annual raffle, and many other organizational projects. All of these things are underway, not because we're oblivious to the economic hardships that many of you are facing, but in order to have the financial resources to help you through.

On the topic of our organizational health, I wanted to say thank you to each of you, our members, for renewing your memberships this year! Even with the massive market down-

turn, businesses continue to support the mission of the Michigan Association of Timbermen. We're celebrating over 300 active members across the State, with a pretty even breakdown by region: we have nearly 60 members in the western UP, just over 60 in the eastern UP, nearly 100 in northern Lower Michigan, and just over 60 in southern Lower Michigan. We're also thankful for and excited about the annual sponsorship commitments we've received thus far, in support of our events and programs.

In terms of our day-to-day activity to support our members, we've been very focused on the items our board president mentioned in his report, above. The forest products industry has been hit from all sides, with a very tough January behind us and a tough-looking spring ahead. We're focused on making changes to the frost laws/weight restrictions issues that plagued loggers across the State over the past month or two; we're working on raising public awareness around the potential demise of some of Michigan's downstate biomass power stations; and we're working on other issues like DNR timber cruising accuracy.

Thanks again to each of you for your support. Please reach out to me with any questions, comments, ideas or concerns.

(906)293-3236 jknepper@timbermen.org

WELCOME NEW MEMBERS!



Cook's Forest Products Mike Cook • Harrison, MI



Michigan Timber Sawmill Aaron Moody • Hillman, MI



Precision Hardwoods Mike Sturgill • Onaway, MI

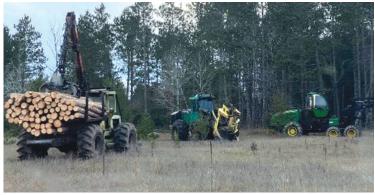


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Sawyer Logging Daniel Rachow • West Branch, MI

MAT was established in 1972 for the purpose of reducing costs and increasing profits of small forest industry businesses while ensuring a conintued supply of timber. As a member you should enjoy all the benefits we have to offer.

To join or renew, simple fill out the membership form at www.timbermen.org/join and return to the MAT office. If you have any questions, please feel free to call us at 906.293.3236





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Timber Tax Tips For Loggers Work Smarter, Not Harder

By Jim Burns, Metcalfe Timber Tax

Jim Burns is a professional forester who owns and operates Burns Timber Tax Services and works in conjunction with Susan Metcalfe at Metcalfe Forestry.

I have a machine that will do all your cutting and skidding at no cost. That's right; you get to keep that savings in your pocket! If you don't like that, how about one that will save the cost of your hauling? How much would you pay me for this magical machine?

Got your attention, didn't I? What if I told you that you can get this machine from the federal government absolutely free! Keep reading; I haven't flippedout of reality.

This type of savings is available to you in the income tax code. If you have not been reporting timber income as a capital gain in the past, you've probably been paying more in federal and state taxes than required. Your net income after taxes could have been much higher by making a simple election to report timber income under

Section 631(a) of the Internal Revenue Code. This section applies to people who own timber and use it in their trade or business - professional loggers.

Of course, landowners who sell timber cutting rights (stumpage) to loggers should always report their stumpage income as capital gain rather than ordinary income to get the tax reduction. This is covered under Section 631(b) of the tax code, which I have explained in other articles.

For loggers, Section 631(a) allows you to elect reporting timber you own, which includes stumpage you purchased from other landowners, as capital gain income. If you held the timber for one-year or longer before you cut it, this becomes a long-term capital gain for tax purposes, and is subject to a maximum tax rate of only 15-20%.

In effect, this provision allows you to treat the cutting of your timber as a timber sale to your own business. The stumpage value as of the first day of the tax year is your sale price to the business. Your depletion deduction is what you paid for the timber when you originally bought it. The net value remaining is taxed at 15%. Self-employment tax of 15.3% or the alternative minimum tax does not apply.

As an example, let's say you bought some aspen timber awhile ago for \$5.00 per cord - this is your depletion deduction. The fair market value of the aspen is now \$40.00 per cord and you cut it. The increase of \$35.00 per cord is all capital gain, just as if you invested in a stock market company.

From this example, you can see that if reported as ordinary income, you will be paying higher taxes on a built-in fictional profit that has nothing to do with your logging efficiency at all. As capital gain income you report the net gain of \$35.00. The only tax on this is 15% or \$5.25 per cord.

The second step in this tax reporting is where you will get to use the \$40.00 per cord as a business expense in calculating your ordinary income. This is very important in reducing your total tax bill.

Continuing this example, let's say you were paid \$75.00 for the cord of aspen delivered to the pulpmill. This is your gross revenue. Now assume all your logging costs including depreciation, insurance, fuel, etc., are \$45.00 per cord:

Gross Sale \$75.00 Less Logging Expense -45.00 Less Fair Market Value of Stumpage - 40.00 Net Loss - \$10.00 Per Cord This resulting loss or breakev-

en for ordinary taxes is not uncommon. In this example, there was a small capital gain which was more than offset by an ordinary loss.

In order to determine actual tax savings per cord cut, I analyzed the results obtained by four (4) of my logger clients last year. They all shared one

thing

in common - a loss for tax purposes on their business



Susan Metcalfe M.S., ACF

income.

Production levels of these clients ranged from a low of 170-cords for a hobby farm up to 6000-cords per year for a production logger that operates exclusively on purchased stumpage.

The fair market value tax provision gave each of them an impressive tax savings per cord cut. To determine this value I divided their tax savings by the volume in cords harvested:

Tax Savings \$10.88/Cord \$11.66/Cord \$12.50/Cord \$16.79/Cord

What kind of machine can give you results like this? Work smarter, not harder.

Please call Susan Metcalfe at Metcalfe Forestry Co. For more information, call Susan at (989) 348-3596 with your questions.

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Forest Insurance Center Agency, Inc. has been a trusted insurance resource for the forest products industry for over thirty years. Throughout our years of experience, we have witnessed numerous changes in the industry, but our commitment to providing prompt and reliable service remains unchanged. Our success is built on the trust our clients place in us, and we prioritize offering appropriate coverages, prompt service, and valuable recommendations to everyone we meet with.

As a Commercial Producer for Forest Insurance Center Agency, Inc., my name is Jason McLaren, and I have been working in the insurance business for eight years. In the past five years, I have dedicated my time to assisting individuals in the forest products industry to obtain the best possible coverages and rates available. One of the aspects I love most about my job is the opportunity to personally connect with the wonderful people in this industry. I am deeply passionate about helping businesses with their insurance needs, as I understand that insurance can be overwhelming and easy to overlook. However, neglecting to review your business insurance needs annually can lead to inadequate coverage. Therefore, we strongly recommend semi-annual and annual reviews to ensure there are no gaps in your current insurance portfolio. During these reviews, I will not only identify any

potential gaps in your coverage but also provide recommendations to help your business secure the best possible rates.

At Forest Insurance, we have a dedicated team of producers and account managers who are committed to delivering excellent service, comprehensive coverages, and competitive rates. We take pride in our ability to provide our clients with a seamless insurance experience. I encourage you to contact me today to schedule an insurance review and discuss your specific needs.

Please feel free to reach out to me at 906-235-7894 or via email at jmclaren@forestinsurancenter.com. I look forward to assisting you in securing the best insurance coverage for your business.



Jason McLaren Commercial Producer Forest Insurance Center Agency

"Forest Insurance Center Agency, Inc. has been a trusted insurance resource for the forest products industry for over thirty years"

Cultivating Tomorrow's Stewards: The Role of Trees For Tomorrow in Fostering a Sustainable Future for Forest Industries

Trees For Tomorrow Environmental Education Center in Eagle River, Wisconsin, is a vital link between schools and the forest industry, fostering environmental stewardship among students. Through tailored science-based programs like K12 School Outdoor Learning Experiences, Trees for Tomorrow provides hands-on experiences

for students, connecting them with nature and sustainable resource m a n a g e m e n t. Partner sponsorships are crucial in supporting Trees for Tomorrow's mission by funding scholarships, infrastructure, and educational programs.

Even though Trees for Tomorrow is Wisconsin-based, the organization works closely

with Michigan-based organizations, and connects with Upper Peninsula schools. The Michigan Society of American Foresters and Michigan Sustainable Forestry Initiative® (SFI) have been instrumental in bringing many K12 students from the UP to Trees For Tomorrow for a diverse range of programs:

• Natural Resources Careers Exploration Week: held in June for over 58 years, high school students can explore all aspects of resource management including forestry, wildlife and energy/climate. They are immersed in real-life field activities and development of outdoor skills while learning directly from industry professionals. The week is culminated with a career fair.

• Multi-High School Workshops: offered three times per year, students join other high school groups from around the upper-Midwest to share multiday outdoor learning experiences.

• Outreach Programs: Many of the K12 SOLEs can be adapted to a school's curriculum and/ or school forest. Environmental educators bring TFT programs right to the classroom.

Through tailored science-based programs like K12 **School Outdoor** Learning Experiences, Trees for Tomorrow provides handson experiences for students, connecting them with nature and sustainable resource management.

ducators bring TFT programsght to the classroom.• Two-Night Elementary Programs: Everything
needed for a comfortable, safe and
fortable, safe and
fun stay-away from
home is right on
TFT's campus. Our
multi-day experi-
ences are structured
to build on concepts

students learned the day(s) prior. Upper Peninsula schools that have benefited from Trees for Tomorrow's programming include: Forest Park Elementary in Crystal Falls; Brimley High School;

and Manistique High School.

For scholarship, sponsorship and membership information contact Cheryl Todea, Forest Park Elementary from Crystal Falls, Brimley High School, Manistique High School.

ctodea@treesfortomorrow. com. For K12 School Outdoor Learning Experience program information, pricing, etc. contact Operations Manager Mandy Gingerich at mandy@treesfortomorrow.com.

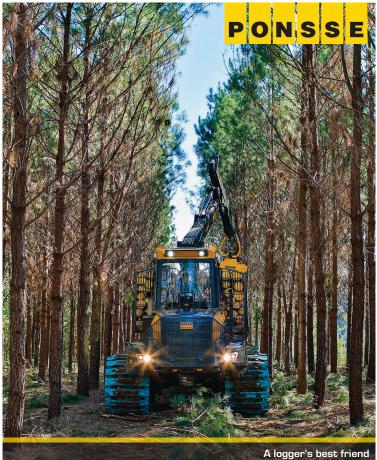
Visit https://www.TreesFor-Tomorrow.com, or call (715) 479-6456 for additional information.

High school students gaining real-world forestry experiences during the Natural Resources Careers Exploration Week, held in June at Trees For Tomorrow.



High School Students Gaining Real-World Forestry Experiences During the National Resources Careers Exploration Week, Held in June at Trees For Tomorrow





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Michigan Association of Timbermen Concludes Strategic Partnership with the Small Business Administration of Michigan

The MAT Board of Directors voted to conclude its strategic partnership with SBAM for 2024. This decision comes as part of a strategic reassessment, and both organizations are committed to ensuring a smooth transition for all members involved. Notably, members currently utilizing SBAM services through MAT should speak with your benefits agent to discuss your options.

MAT remains steadfast in its commitment to its members, and SBAM is dedicated to providing continued support during this transition period. Both organizations look forward to new opportunities and growth on their respective paths, as they continue to serve and empower the business community.

For any inquiries or further clarification, members are encouraged to reach out to the respective organizations. Justin Knepper, Executive Director Michigan Association of Timbermen Cell: (906)630-0579 jknepper@timbermen.org

Sherry Bryan, Director of Strategic Partnerships and Certification SBAM Cell: (517) 712-8343 sherry.bryan@sbam.org









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Lincoln and Cadillac Biomass Power Plants Threatening to Close, Raising Concerns Over Environmental, Economic, and Energy Security Impacts In Michigan



Kirtland's Warbler photo credit US Fish & Wildlife Service

Justin Knepper, Michigan Association of Timbermen Executive Director

In a significant development, the Lincoln and Cadillac biomass power plants in Michigan are set to cease operations, raising alarms over the negative repercussions on environmental conservation, local economies, and the stability of the energy grid.

The Cadillac Renewable Energy biomass plant is owned by Atlantic Power & Utilities, located in Cadillac, Michigan. The plant was commissioned in 1993, with a 38-megawatt capacity, and sells power to Consumers Energy under a power purchase agreement.

The Lincoln, Michigan, power station is owned by National Energy/National Salvage, and was commissioned in 1989, with an 18-megawatt capacity. The Lincoln Power Station also sells power to Consumers Energy under a power purchase agreement.

The Michigan Association of Timbermen began receiving word from regional loggers and truckers earlier this year, stating that Consumers Energy was offering "buy-outs" to these rural power stations, which will result in their respective closures. Reasons stated have focused on financial concerns and profitability of the power stations.

However, the impacts of these power stations are much more far reaching. For example, the loss of the Lincoln biomass plant causes substantial concern for the ongoing efforts to maintain appropriate habitat for the rare Kirtland's Warbler, which has slowly recovered from near extinction. The Kirtland's Warbler population, a species dependent on young Jack Pine, has survived solely because of humans intervening and beginning to actively manage its preferred habitat. Historically, wildfires burned across swaths of northeastern Michigan, causing the regrowth of Jack Pine on a regular basis.

Continued on page 16

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Region 1: Member Spotlight: Dog Logging - Merriweather, Michigan



Dog Logging LLC's Tigercat Hot Saw

Glen Miller, owner of Dog Logging LLC, is based out of Merriweather, Michigan in Ontonagon County. Merriweather sits on the edge of Lake Gogebic, our state's largest inland lake. The area was historically built around a major sawmill and remains an active logging region.

Glen was born and raised in the Merriweather area along Lake Gogebic. One of Glen's favorite pastimes is to make maple syrup on his property; he has about 280 acres of his own land where he taps trees and manages the forest for firewood and other uses.

He and his wife Rose have four children and have been a logging family for more than 20 years. Glen didn't grow up in logging, though; he actually got his first big job out of high school at the White Pine Mine, but it closed only six months after he was hired. Glen got his first taste of logging after that while working for a farming operation in Ewen. He farmed in the summers and then worked with the owner on some logging during the winters.

Gen got his own start as a logger in July of 2000, when his sister and brother-in-law, who at the time worked for the Keweenaw Land Association, approached him about coming to work for them as a subcontractor. Glen bought a Hydro-Ax rubber tire buncher, and the rest was history, as they say.

In his first few years of business, Glen purchased a used processor, and subcontracted his forwarding to another fellow. The next year he bought his own forwarder and hired a different brotherin-law, who is still running Dog Logging's forwarder to this day.

As of 2024, Dog Logging LLC boasts a two-person crew as well as Glen, who works out in the woods also. Glen's crew makes use of a Tigercat Hot Saw and a John Deere Processor and forwarder. Dog Logging is currently under contract with one of the large land owners in the western UP, which has kept the team busy enough to survive over the past year, for which Glen is grateful. Glen said he knows many of the loggers in the western UP have had a horrible year due to the market downturn, and hopes they can hang on during what appears to be another volatile year this year.

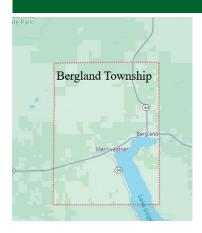
One of the best stories about Glen was how he came to name his company "Dog Logging." Glen said that his nickname as a boy was "Red Dog," given to him by his best friend's dad. He has red hair, which explains the first part of the nickname, and he said the "dog" part was because he wolfed down his food! When the time came to name his business, he figured "Dog Logging" sounded pretty good.

The Michigan Association of Timbermen appreciates Glen Miller and his family, as well as the rest of his crew at Dog Logging, and thanks Glen for his membership!



Glen Miller of Dog Logging, LLC with some of his children in front of their John Deere processor

Bergland Township's Rich Lumbering History



Bergland Township in Ontonagon County, has a rich timber tradition that stretches back to the communities founding at the start of the twentieth century. The tract was rich with hardwood, hemlock, and some stands of pine, although the heyday of pine logging had happened over the decades prior. Hardwoods were coming into more general use and lumbermen were quick to turn their

attention to those types of forests.

The history of the town of Bergland is the history of the logging era after 1900. Norwegian entrepreneur Gunlek A. Bergland, who had been logging near Sidnaw, Michigan, purchased a large tract of timber land west of Lake Gogebic in 1900 and decided to move his operations to that area. The lake was a key asset in floating logs to his sawmill.

After G. A. Bergland made his first timber stand purchase, the



Loaded Log Truck in Bergland, mid 1900's



Gunnleik Bergland, Bergland's Founding Father

hardwood and hemlock timbering activities just north of Lake Gogebic accelerated greatly. In 1903 he built a sawmill on Lake Gogebic, so logs no longer had to be shipped by rail to operations in Sidnaw. Following the sawmill, shingle and lathe mills were also constructed, with operations running day and night. In the early 1900s four lumber camps cropped up around the growing industry.

Gunlek Bergland, who's real name was Gunnleik Aslaksson, was born 1847 on the Byggland farm in Morgedal, Norway. He came to America in 1869 and changed his name to Bergland. Thanks to G. A. Bergland's industrious nature and his views on private ownership of businesses and homes, the town of Bergland turned into a bustling community of logging operations for many decades.

Sources:

Bergland Township: https://berglandmi. org/history/

https://www.wikitree.com/wiki/Bergland-6

Lincoln and Cadillac Biomass Power Plants Threating to Close, Raising Concerns Over Environmental, Economic, and Energy Security Impacts In Michigan

Continued from page 13

But with small towns and cottages now dotting the region, wildfire cannot be permitted to rage across the landscape. The forest products community is now contracted to actively manage thousands of acres each year.

One of the most beneficial impacts that the Lincoln biomass power station has in northeast Michigan is that of providing a small market for woody biomass generated through the intensive management of Kirtland's Warbler habitat. Our ability to cut and dispose of the young Jack Pine that Kirtland's Warbler require for their nests has allowed their population to stabilize and grow.

There are very limited uses for small Jack Pine, with biomass energy pretty much being the only option in much of the warbler's habitat area. Habitat management is just one of the many ways that energy derived from woody biomass positively impacts Michigan.

I reached out to Bill Rapai, Executive Director of the Okemos-based Kirtland's Warbler Alliance, who agreed that a strong biomass energy market is important for the long-term conservation of the Kirtland's Warbler population. He stated, "The reduction in market opportunities for wood residuals will likely escalate the cost of habitat management, hindering conservation efforts, not just for the warbler but also for the other species that live in the ecosystem." threat to both the environment and nearby communities.

• Loss of Jobs in Rural Communities and Small Logging Companies: According to the trade group Michigan Biomass, the industry supported 150 direct and 700 indirect jobs and generated \$200 million in rural communities in 2021. The

One of the most beneficial impacts that the Lincoln biomass power station has in northeast Michigan is that of providing a small market for woody biomass generated through the intensive management of Kirtland's Warbler habitat.

There are a number of other consequences related to the closure of these biomass power stations in Michigan. These include:

• Increased Fire Risk Due to Lack of Biomass Plants: The absence of biomass plants poses an increased fire risk as wood residuals, which were once efficiently processed, may now accumulate. The closure of these facilities may compromise the region's ability to manage and mitigate potential fire hazards, posing a closure of Lincoln and Cadillac biomass power plants will have a profound impact on local economies, with many of these jobs and generated revenues being eliminated. Small logging companies, which rely on selling wood residuals to these plants, will face economic hardship, potentially jeopardizing the livelihoods of many Michigan residents and their families.

• Loss of Baseload Energy and Increased Grid Instability: With the cessation of operations at these biomass power plants, there will be a notable loss of baseload energy, which is crucial for maintaining a stable and reliable energy grid. Relying solely on intermittent sources such as solar and wind power introduces greater variability and poses challenges to grid stability, potentially impacting the overall reliability of the energy supply.

The impending closures highlight the intricate interplay between "big energy", local economies, and energy security. As stakeholders grapple with the consequences, urgent attention and collaborative efforts are needed to address the multifaceted challenges arising from the shutdown of the Lincoln and Cadillac biomass power plants in Michigan.

The Michigan Association of Timbermen remains committed to facilitating dialogue and exploring sustainable solutions to this issue, and we request Consumers Energy, the Michigan Public Service Commission, and Midcontinent Independent System Operator (MISO) to reconsider the closure of these facilities.



Lutke Forest Products on a Kirtland's Warbler habitat job east of Grayling, Michigan - summer 2023

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National Fiber Sourcing Standards Review -Loggers Should Attend Eight Hour Michigan SFI Course in 2024

The Michigan Sustainable Forestry Initiative Implementation Committee has made it their goal to offer a National Fiber Sourcing Standards Review in 2024. **This training is mandatory for those wishing to remain certified as a Qualified Logger** (if you already took core training in 2023, you are not required to attend in 2024 - you may consider a four-hour continuing education course instead).

The Michigan Association of Timbermen received grant funding this year to present a training module on best business practices for small businesses in the forest products industry, so we'll see you at each training!

DATE	COUNTY	LOCATION
CORE TRAININGS		
2/14/24	Newaygo	Newaygo Historical Museum
2/15/24	Clare	Jay's Sporting Goods
2/16/24	Manton	Lutke Rental Hall
3/19/24	Gaylord	Tree Tops Resort
3/21/24	Bark River/Harris	Island Resort & Casino
5/7/24	Ironwood	Gogebic Community College
5/8/24	Iron Mountain	Bay College
5/9/24	Newberry	MSU Extension Office
5/10/24	St. Ignace	Quality Inn
6/5/24	Marquette	MSU Extension Office
6/6/24	Baraga	Lakeside Motor Inn
6/7/24	Escanaba	MSU Forest Innovation Ctr.
10/8/24	Iron Mountain	Bay College
10/9/24	Baraga	Lakeside Motor Inn
11/6/24	Iron River	Iron River Public Library
11/7/24	Escanaba	MSU Forest Innovation Ctr.
12/12/24	Manton	Lutke Rental Hall
12/13/24	Gaylord	MSU Extension Office
CONTINUING EDUCATION	LOG TRUCK SAFETY	
4/4/24	Curran	Welch Land & Timber
5/15/24	Negaunee	Fabick CAT
5/16/24	Gulliver	Zellar Excavating
6/12/24	St. John's	Maple Rapids Lumber Mill

TIMBERTALK LEGISLATIVE UPDATE WINTER 2024

After the Democrats regained majority in the Michigan House of Representatives in 2022 for the first time in twelve years, two of their members ran for mayor in their respective hometowns in 2023 and won. This took the Democrats 56-54 seat majority and made it a 54-54 split. That, coupled with an early adjournment of the legislature in 2023, has drastically slowed the pace of the legislature the past few months. The two open seats will be filled in special elections in April at which time we will see the legislature return to its normal session schedule. We anticipate that priority number one beginning in April will be crafting the state budget for this year.

Governor Whitmer Lays Out Priorities in State-of-the-State Address

In late January, Governor Gretchen Whitmer delivered her sixth state-of-the-state address at the Capitol. Her speech stayed away from some of the more controversial legislative items that are pending in the legislature such as the paid family leave proposal and the proposed prescription drug affordability board and instead focused on new proposals. Some of the highlights include:

- \$700 million to fix Michigan's most critical roads.
- Free community college for all high school graduates.

• \$5,000 tax credit for caregiving expenses including counseling, transportation, and nursing or respite services.

- \$1.4 billion to build or rehabilitate nearly 10,000 homes.
- Free pre-Kindergarten for every four-year-old in the state.

In early February the Governor will deliver her 2024 budget proposal which will be the first step in adopting the 2024-25 fiscal year budget.

Judge Orders MICRD to Redraw Fifteen Legislative Maps in Michigan

In 2018, Proposal 2 was passed by the voters in Michigan creating an "independent" redistricting commission. Previously, legislative district maps were drawn by the legislature and deemed too political by voters.

The maps drawn in 2022 by the Michigan Independent Citizens Redistricting Commission (MICRD) were ruled unconstitutional by a U.S. District Court in December of last year. In the decision, the court stated that the MICRD "randomly selected citizen mappers responsible for drawing the lines violated the Equal Protection Clause of the U.S. Constitution which prohibits drawing districts on the basis of race when they drew the lines that run through Detroit."This means that 13 state house district maps in metro Detroit will need to be redrawn in the near future to prepare for the 2024 elections.





Jason Wadaga MAT Lobbyist



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